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No. 34,080 39/92 PARIS, WEDNESDAY, SEPTEMBER 23, 1992 ESTABLISHED 1887

Clinton Solidifies and Expands His Lead in the Polls

By Dan Belz and Ann Devroy Washington Post Service WASHINGTON — With just six weeks remaining in the presidential campaign, a series of national and state polls shows that Bill Clinton has solidified or even widened his already substantial lead over George Bush.

Other public polls issued in the last week show Mr. Clinton running ahead of Mr. Bush in such battleground states as Illinois, Ohio and Missouri, and competitive with the president in traditionally Republican states such as Florida and Indiana.

"We're as flat as the day we left the convention," said a Republican source, agreeing that Mr. Bush had made little progress with voters. The source suggested that voters had an "emotional callous" against Mr. Bush that only large-scale negative advertising might be able to break through.

The 21-point margin in the new Post-ABC poll is by far the largest of any recent poll, and one the Bush camp sharply disputes. In the past 10 days, six polls put Mr. Clinton's lead between 9 and 15 percentage points, while a daily "tracking poll" by the newsletter Hotline shows Mr. Clinton's lead at 7 points.

Denmark to Push For Changes in European Treaty

Additions Sought Before a 2d Vote By Danes Will Delay Pace of Union

By Tom Redburn International Herald Tribune In a move that will further slow the pace of European union, Prime Minister Poul Schluter of Denmark said Tuesday that his government planned to seek additions to the Maastricht treaty before holding a second referendum on the treaty after mid-1993.

Other nations are reluctant to consider any significant changes that would require approving a new treaty. In related developments, the German government announced that it would submit the Maastricht agreement to its parliament on Oct. 8, while Spain plans to open debate on Oct. 1. Both said they expect to complete ratification by year's end.

Bonn and Paris In Urgent Talks But Silent on What Was Said

By William Drozdiak Washington Post Service PARIS — Stunned by growing public skepticism toward the Maastricht treaty, the leaders of France and Germany held an emergency meeting Tuesday looking for ways to recapture public support for European political and economic unity.



Chancellor Helmut Kohl, left, saying his good-byes Tuesday to President Francois Mitterrand after their urgent session on Maastricht.

Rumors of Devaluation Undercut Franc

By Carl Gewirtz International Herald Tribune PARIS — The Bank of France intervened heavily in the currency markets Tuesday to defend the franc amid turbulence sparked by rumors of an impending revaluation of the Deutsche mark. Denials by German and French officials failed to calm the market.

said market conditions were becoming increasingly hectic despite the substantial intervention by the Bank of France to defend the currency. News that a meeting in Paris between Chancellor Helmut Kohl of Germany and President Francois Mitterrand of France ended without any press conference or statement had no effect on the foreign exchange market.

Tuesday, pressured by a plunge in the bond market and general uncertainty over the direction of the dollar. "The Bank of France spent more today than it did Monday or last Friday, when the intervention was very large," a senior banker said.

Kissinger Defends POW Policies

Former Secretary of State Henry A. Kissinger angrily denied a "flat-out lie" on Tuesday claims that the Nixon administration knowingly abandoned U.S. prisoners of war in its rush to withdraw from Vietnam.

Peacemakers in Cambodia: Disillusioning Experience

By William Branigin PHNOM PENH — After two decades of war and upheaval, Cambodians greeted the arrival of the first UN peacekeeping troops last November with undisguised joy and relief. Exuberant crowds outside the soldiers' compound would stare at them for hours. Hopes grew that Cambodia was saved at last.

Happy Birthday! At Least for Women

By Sandra Blakeslee NEW YORK — An approaching birthday seems to prolong life in women and precipitate death in men, according to the largest study ever done on psychological factors and time of death.

Soccer's \$7 Million Bad Boy Is Back

ZURICH — Diego Maradona, the superstar of soccer whose brilliance was dimmed by criminal charges and poverty suits, then snuffed out by his use of cocaine, got what he wanted Tuesday: A transfer from the Italian club Napoli to the Spanish team FC Sevilla that opened the way for his return to the sport.

Table with financial data: Dow Jones (Down 39.98), Trib Index (Down 0.13%), The Dollar (New York, 1.4975), Pound (1.686), Yen (120.97), FF (5.1075).

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Happy Birthday! At Least for Women

through another one of these stock-taking periods. The study, published in the current issue of Psychosomatic Medicine, the Journal of the American Psychosomatic Society, found 3 percent more deaths than expected among women in the week after a birthday and a slight decline the week before. For men, deaths peaked just before birthdays and showed no rise afterward.

Soccer's \$7 Million Bad Boy Is Back

Sevilla agreed to pay \$7.5 million to take over the 31-year-old midfielder's contract from Napoli, the two club presidents said after working out the details of the transfer during a meeting that lasted nearly five hours.

Peacemakers in Cambodia: Disillusioning Experience

Today the joyous crowds are long gone, and a certain disillusionment has set in. The UN operation in Cambodia, launched with so much fanfare 10 months ago, is struggling with the inherent difficulties of one of the world's most intractable conflicts. But it also has brought with it some of the United Nations' own familiar problems of bureaucracy and excess.

Soccer's \$7 Million Bad Boy Is Back



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# UN Intends to Open All Bosnia Roads Without a Fight

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — United Nations peacekeeping troops will make their first priority the unblocking of all besieged cities and towns in Bosnia but will not shoot their way through the opposing factions, their deputy commander said Tuesday.

"Our first priority here will be to try to deblock not only Sarajevo but all towns and cities that are besieged and will be our main effort," Brigadier-General Philippe Morillon of France said.

General Morillon said that his command, which is to be enlarged to about 6,000 troops from 1,400, with headquarters in Sarajevo, had no intention of using force to lift sieges.

"But we will have some reinforced means to protect convoys, to protect life and property," General Morillon said.

He said he had requested more armored vehicles to be able to respond to attacks, and suggested that his troops would react decisively to any attack on them, although reactions would be "on a case-by-case basis."

There were three related developments Tuesday:   
 • Western countries, unannounced by promises that aid flights to Sarajevo are safe from rocket attack, have delayed the resumption of the humanitarian air bridge to the Bosnian capital. A UN spokesman in Geneva said that Germany, Canada and Norway, which are among 19 countries taking part, wanted their transport planes fitted with electronic anti-missile devices first. Installing the equipment could take until Oct. 1.

• Prime Minister Milan Panic's attempt to postpone his country's banishment from the General Assembly has failed, and Serbia-dominated Yugoslavia will be suspended Tuesday, diplomats said.

• Most of Sarajevo was without power Tuesday after a night of Serbian shelling that destroyed one of the city's largest electricity transformers even though the warring sides had agreed not to hinder power supplies.

General Morillon said the first task would be to restore road and rail links between the Bosnian capital and the town of Mostar. Civilian technicians escorted by UN troops were to start work Wednesday.

The relief of Sarajevo was both a humanitarian and psychological issue for the city's inhabitants. "The suffering cannot last any longer," he said.

General Morillon emphasized, however, that there had been no change in the UN soldiers' rules of engagement.

"There is no intention to force our way through any blockade," he said. "It is not in our mandate that we will have any extra means in order to protect the convoys."

Existing rules would continue to apply, he said, namely that UN troops may return fire to protect themselves or those they are protecting against a clearly identifiable target responsible for an act of aggression.

The reinforcements would take a month to deploy, and a detailed plan on how and where they would be based had been submitted to individual governments.

General Morillon said the United Nations had discussed the details with representatives of France, Canada, Britain, Belgium, the Netherlands and Spain.

The general said it was up to politicians to find an overall solution to the crisis in Bosnia.

"We have no pretension to being the savior of Bosnia-Herzegovina," he said. "That will be the politicians who are now meeting in Geneva. There is no military solution except with 100,000 deaths and absolute catastrophe."

UN sources say the troops are likely to try to establish a presence in several towns, including Tuzla, Bihać, Jajce.

The delay in resuming aid flights to Sarajevo upset the hopes of the UN High Commissioner for Refugees that the airlift could resume normal operations by mid-week after promises by warring Muslims, Croats and Serbs that planes would not be attacked.

In the face of his country's suspension from the UN General Assembly, Mr. Panic lashed out at the UN system in a letter sent Monday night to the 178 other UN missions.

"What is at stake is not only the status of Yugoslavia, a founding member of the United Nations, but in the long run the vital interests and rights of all small states."

"Today it is Yugoslavia, tomorrow it may be as well any other member state of the United Nations," he wrote.

The assembly was to vote late Tuesday evening on a Security Council recommendation that Yugoslavia — now consisting only of Serbia and its small ally Montenegro — lose its voting rights in the General Assembly. (Reuters, AP)

# Russia Is Veering Back to Tight Money

By Michael Dobbs  
Washington Post Service

MOSCOW — After a series of political and economic reverses, the Russian government signaled its determination Tuesday to revert to the tight monetary policies that brought many state-owned factories to the edge of bankruptcy.

Addressing a largely hostile parliament, the acting prime minister, Yegor T. Gaidar, said that looser credit policies over the last six months had pushed inflation to an unacceptably high level and had resulted in a collapse in the value of the ruble. He flatly rejected demands by opposition members of parliament for the resignation of his government.

"We must make our credit and monetary policy much tougher to avoid a complete crash of the country's monetary system," Mr. Gaidar told the legislators, who resumed work Tuesday after a two-month summer recess.

While he was warning parliament of the danger of hyperinflation, the ruble hit a new low on the tiny Moscow currency market, falling to 241 rubles to the dollar, compared with 205 last week. The Russian currency has lost 30 percent of its value over the last month as businessmen and speculators scramble for a hedge against inflation.

Appointed last year by President Boris N. Yeltsin to oversee Russia's transition to a market economy, Mr. Gaidar is closely identified in the public mind with the shock-therapy policies endorsed by the International Monetary Fund. Over the last few months, he has become the target of increasingly sharp criticism from an influential coalition of conservative legislators and factory directors who contend that he is leading the country to ruin.

Tuesday's events suggested that the team headed by Mr. Gaidar now saw no alternative to resuming the austere policies that they relaxed earlier this year under pressure from the conservatives. A sharp increase in the inflation rate, which doubled in August to around 17 percent a month, has given the reformers the economic pretext they need to resume the political offensive.

It remains to be seen whether Mr. Gaidar will succeed in pushing through his tight money policies through a parliament dominated by his political opponents. Roughly 25 percent of the 252-member Supreme Soviet comprises Communist and nationalist deputies — the "irreconcilable opposition" — while another 35 percent to 40 percent of the deputies support the centrist Civic Union, which favors a more gradual approach to economic change.

For the moment, Mr. Yeltsin is attempting to remain above the fray while making it known through his spokesmen that he continues to support the Gaidar government.



A Communist Party sympathizer carrying a poster of Lenin to protest Russian economic policies as the parliament opened its session in Moscow on Tuesday.

In an effort to reassert its own control over the money supply, the government is demanding that the parliament surrender jurisdiction over the Central Bank. Ministers have accused the newly appointed chairman of the bank, Viktor Gerashchenko, of opening the economic floodgates by bailing out bankrupt state enterprises and granting virtually unrestricted credit to former Soviet republics such as Ukraine.

Earlier this year, the Russian government promised the IMF that it would bring the monthly inflation rate down to a single digit by the end of the year and keep the budget deficit to 5 percent of the gross national product. But they now acknowledge that these targets are impossible to meet.

The Civic Union group, headed by Arkadi I. Volvsky, a longtime Communist apparition experienced in the art of coalition building, favors a much greater degree of state interference in the restructuring of the economy. It contends that the Russian economy will not respond to traditional IMF medicine because it is dominated by a handful of monopoly producers and is heavily geared toward the military industry.

According to figures provided by Mr. Gaidar, Russia's economic recession is deepening. Industrial production, after falling at an annual rate of 13 percent to 15 percent in the first six months of the year, slumped 21 percent in July and 27 percent in August compared with the same period last year.

# Focus on Defusing Conflicts, EC Tells UN

By Paul Lewis  
New York Times Service

UNITED NATIONS, New York — The 12 European Community countries warned Tuesday that unless the United Nations became more adept at resolving disputes

before they erupted into conflicts, it risked becoming overloaded with complicated and costly peacekeeping operations in many lands.

The 12 welcomed President George Bush's strong endorsement of the United Nations' peacekeeping role in his address to the General Assembly on Monday. But in their joint declaration before the same body Tuesday they put the emphasis on what the United Nations can do to stop wars from breaking out.

The British foreign secretary, Douglas Hurd, who spoke for the Community, said: "Preventative diplomacy is quicker and more helpful to peoples about to be embroiled in a conflict than the most successful peacekeeping or peacemaking operation which follows the outbreak of violence. It is also less costly in terms of lives and cash."

During the past year, Mr. Hurd said, the number of blue-helmeted peacekeeping soldiers deployed around the world had jumped to 51,000 from 11,000.

Mr. Hurd contended that while everyone was now "looking to the United Nations" to resolve crises, the danger is that the world organization will become overloaded as it is forced to intervene in a succession of countries, where it may have to take over the civil administration as well as provide security, as it has done in Cambodia and is about to do in Somalia.

This would require restructuring the armed forces of member states to ensure they had the kind of specialized units required for such operations, he said. It would also require "a massive increase" in the financial needs of the United Nations and its humanitarian agencies at a time when many countries face severe budgetary problems.

British officials pointed out that more countries are now in danger of becoming candidates for the kind of large-scale military and civil intervention the United Nations has mounted in Cambodia, where it

is virtually running the country as it prepares elections.

These could include Mozambique, Angola and Liberia in Africa as well as the new republics of formerly Soviet Central Asia.

To reduce the need for such costly and complex peacekeeping operations, the EC nations gave their backing Tuesday to proposals for preventative diplomacy put forward by Secretary-General Boutros Boutros Ghali.

They called on Mr. Boutros Ghali to make greater use of the authority he has under Article 99 of the UN Charter to bring any matter before the Security Council "which in his opinion may threaten international peace and security."

European diplomats say greater use of this article would allow the Security Council and the secretary general to start mediating in potential disputes much earlier than has been usual, though secretaries-general often have hesitated to use this power in the past for fear it would make matters worse.

The Community also endorsed the secretary-general's proposal for the deployment of peacekeeping troops in advance of a conflict to stop fighting from breaking out, including stationing troops inside a country fearing invasion by a neighbor.

But they warned there might be "difficulties about timing the dispatch of such a force" and suggested this approach should be used on "a case-by-case basis."

The Community also called for greater use of international monitors in tense situations and for the provision of humanitarian aid to relieve tensions, and they said they were willing to discuss earmarking specific military units on a standby basis for peacekeeping duties.

Refugee Hostel Will Close After German Attacks

SCHWERIN, Germany — The authorities announced Tuesday that a hostel for asylum-seekers in the Baltic port of Wismar would be closed after a week of attacks by racist extremists.

The Interior Ministry of the state of Mecklenburg-Western Pomerania said the 200 residents of the hostel would be moved to other sites outside the city.

The Wismar police chief said Monday that officers were preparing a major sweep against those responsible for the attacks on the hostel for asylum-seekers.

About 50 people shouting racist slogans and throwing stones attempted to approach the hostel Sunday night but were turned away by massed police officers.

The police intend to "confiscate the arms and ammunition of all those causing the violence," said a police commander.

Altogether, 96 youths were arrested in Wismar, which is on the German Baltic coast, during the weekend.

Flooding Kills At Least 15 in French South

The Associated Press  
PARIS — Violent storms set off flash floods that killed at least 15 people Tuesday in southeastern France, damaging roads, crops and homes, and forcing the evacuation of thousands from their homes.

Damage was heaviest in the Vaucluse, where torrential rains caused rivers to inundate towns and fields, police said.

Eleven of the victims died in Vaison-la-Romaine, a town of 5,000 about 40 kilometers (25 miles) north of Avignon.

"Winds toppled a dozen buildings in the town."

"It's the kind of storm you see only in 40 or 50 years," said Jean-Claude Andrieu, mayor of Carpentras.

Thirty-thousand lightning bolts were recorded in France on Monday, and 18,000 more Tuesday, officials said.

Forecasters warned of further storms Wednesday.

# WORLD BRIEFS

## Israeli Aviator Is Alive, Lebanese Say

WASHINGTON (AP) — Lebanese delegates to the Middle East peace talks have informed Israel that an aviator captured six years ago in Lebanon is still alive, officials from both countries said Tuesday.

But Lebanon said that it did not know exactly where the aviator, Captain Ron Arad, 34, was being held, the Israeli officials said.

Arad was shot down over Sidon, on the Lebanese coast, in 1986. He is thought to be held by pro-Iranian Muslim militants in eastern Lebanon. Israel had sought his release as part of negotiations for the freedom of Western hostages held in Lebanon.

## Manila Legalizes Communist Party

MANILA (Reuters) — The Philippines on Tuesday legalized the Communist Party, which had been outlawed for 35 years, and freed 48 leftist rebels to bolster efforts to end the insurgency.

President Fidel V. Ramos signed a law repealing the 1957 anti-subversion act, which had declared the Marxist party an illegal organization and had banned membership in it. "You have fought long enough," Mr. Ramos said in a speech after signing the law.

"Now, take the peace we offer," he said, "a peace that will enable you to take hold of your life again and rejoin the mainstream of Philippine society in the rebuilding of the nation."

## Rabin Wants to Upgrade Syria Talks

JERUSALEM (Reuters) — Prime Minister Yitzhak Rabin said Tuesday that the peace talks with Syria would achieve little unless they were held at a higher level.

Mr. Rabin told parliament's Foreign Affairs and Defense Committee that Syria had not yet shown a willingness to make full peace with the Jewish state.

"Therefore I believe that large-scale decisions would be difficult to achieve at the current level," a committee official quoted Mr. Rabin as saying. "If the process continues it will have to be at other levels."

## Chinese Set to Endorse 5-Year Plan

BEIJING (Reuters) — The Chinese Communist Party will open an important congress on Oct. 12 to endorse Deng Xiaoping's plans for economic change and set the country's course for the next five years, the Xinhua press agency said Tuesday.

The agency said the 14th Congress would put a new, younger team of leaders in charge and give a ringing endorsement to Mr. Deng's vision for the future. It did not make clear how extensively the top leadership would be changed.

Xinhua said the congress would mobilize the country to "seize the opportune moment to accelerate the pace of reform, opening to the outside world and modernization to win still greater victories in the cause of building socialism with Chinese characteristics."

## Sweden Alleges a Russian IncurSION

STOCKHOLM (AP) — Prime Minister Carl Bildt on Tuesday accused Russian submarines of intruding in Swedish waters, the day after the navy fired depth charges at a suspected foreign submarine in the Stockholm archipelago. It was the most direct accusation the Swedish government has made in 10 years of hunting suspected foreign submarines along its coast.

In Moscow, Vadim Kozhevnik, an aide to the Russian Foreign Ministry press spokesman, said there would be no comment on Sweden's accusations. Commonwealth and Russian defense spokesmen were unavailable for comment.

## Somalia Relief Efforts Are Set Back

MOGADISHU, Somalia (AP) — Clan tensions, looting and unsafe airways forced aid workers in rural Somalia on Tuesday to seek safety in one town, cancel food airlifts to a second and dramatically slow relief flights to two others.

The developments were a major setback for international relief efforts to feed Somalia's starving population. Already, more than 100,000 people have died from the combined effects of drought and warfare, and another 2 million are threatened.

The incidents left airlifts continuing only to Mogadishu and to the small central towns of Bossaso and Uegla, where the UN World Food Program has delivered food for the last week. Banditry and looting have increased with intensified relief efforts, officials said. Some estimate that up to half of the 165,000 tons of aid delivered this year has been stolen.

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# TRAVEL UPDATE

A smoking ban on all international flights could be decided by the International Civil Aviation Organization at a general assembly that started Tuesday in Montreal. Canada and Australia have co-sponsored a resolution urging all 173 states to gradually restrict smoking, with a ban in place by July 1, 1994.

Taiwan and Russia signed a memorandum Tuesday to establish airline links and promote trade, tourism and economic cooperation.

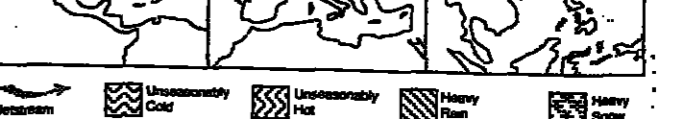
Regulations intended to keep airliner wings free of ice and snow are expected to be proposed by the Federal Aviation Administration, even though it is likely to cause more delays for winter-time passengers. The agency said 16 accidents in the last decade were related to the failure to de-ice aircraft properly before takeoff, killing more than 100.

Norwegian cabin personnel, striking for longer lunch breaks, disrupted domestic air travel Tuesday, causing cancellation of 40 percent of the flights by Widerøe, Norway's third largest airline.

Restoration began Tuesday on the 2,000-year-old Colosseum, blackened by car exhaust and rattled by traffic. The amphitheater, symbol of Eternal Rome, will stay open to tourists during the work, scheduled to take up to four years.

# The Weather

Forecast for Thursday through Saturday



North America: Cool mornings and sunny, comfortable afternoons. A shower or rain will arrive Thursday through Saturday in the northeastern United States.

Europe: The latter part of the week will be windy over much of the British Isles with periods of rain. Plans will have snowfall, and a gusty southerly wind. Rain will seek northern Spain and much of the southern coast of the United States late in the week or over the weekend.

Asia: Tropical Storm Tet will weaken before reaching southern Korea and southwestern Japan Thursday, but torrential rains are a threat into Friday. After sunrise Thursday, showers will occur in Tokyo. Heavy thunderstorms will pop up in Hong Kong, Singapore and Bangkok.

Table with columns for regions: Europe, Asia, Africa, Latin America, North America, Middle East, Oceania. Sub-columns for Today, Tomorrow, and High/Low/Celcius/Fahrenheit weather forecasts for various cities.

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# CAMPAIGN '92 / THE 'COVERAGE GAP'

## ★ ELECTION NOTES ★

### Dropping Out Was a 'Mistake,' Perot Says

WASHINGTON — Ross Perot said Tuesday that he "made a mistake to step aside" when he dropped out of the presidential race, because the two parties have failed to face up to the nation's troubled economy.

Mr. Perot, appearing on a CBS News program, said he was waiting for a signal from the volunteers who put him on presidential ballots in all 50 states before deciding on a fresh direction for his efforts. He said that, in retrospect, "I think I made a mistake to step aside."

"This will probably cause you to faint because you've never heard anybody in public life say they made a mistake," he added.

Mr. Perot said that when he left the race, he believed "there would be greater sensitivity" to the nation's economic problems by Republican and Democratic candidates as a result of his effort. "Now we find out that money still drives the process from the top down," Mr. Perot said.

Recent polls, including an NBC-Wall Street Journal poll published Thursday, show that he could get as much as 18 percent of the vote. (AP)

### All Dressed Up, With No One to Debate

EAST LANSING, Michigan — Bill Clinton was campaigning at the site of the canceled first presidential debate on Tuesday, while President George Bush took off on a tour of six other states.

"I'm here, ready, willing and able," the Democratic presidential nominee said.

The meeting with Mr. Clinton was canceled by the bipartisan Commission on Presidential Debates after the president begged off, saying he disliked its single-moderator format. He wanted a panel of questioners.

"I'm not sure he would do poorly in that format, but they obviously think so," Mr. Clinton said. "They are just trying to get out of a more engaging debate because they've got an economic record they can't run on." (AP)

### Bush Says 'Governor Taxes' Can Shadowbox

SPRINGFIELD, Missouri — President George Bush described Bill Clinton on Tuesday as "Governor Taxes" and told the first of six airport rallies in one day that "once you buy what he's selling there's no refund."

Mr. Bush set off at daybreak for rallies in Missouri, Louisiana, Oklahoma, Texas, Mississippi and Tennessee. After declining the proposed debate with Mr. Clinton in Michigan on Tuesday, he poked fun at the Arkansas governor.

"And I hear candidate Clinton is up in Michigan today talking about debates," Mr. Bush said. "Well, I propose a debate for him today, candidate Clinton versus Governor Clinton."

Mr. Bush said his rival's words on the campaign trail have been "very different from what Governor Clinton has done to the good people of Arkansas." He cited the lack of a civil rights law in Arkansas and claimed that taxes on the state's working poor have become heavier under Mr. Clinton. (AP)

### Hard-Core Republicans, but Soft on Clinton

WASHINGTON — Kathryn G. Thompson was a precinct worker for Barry Goldwater in 1964, a staunch supporter of Ronald Reagan in the 1980s, a Bush delegate at the 1988 national convention and a member of Team 100, the elite contributors to the Republican Party who each gave more than \$100,000.

On Thursday, Ms. Thompson gave a luncheon in Costa Mesa, California, for 800 mostly Republican women to raise nearly \$100,000 for the presidential campaign and to honor a woman that Ms. Thompson has come to admire: Hillary Clinton.

Ms. Thompson, the head of a California real estate development company, is hardly alone.

Governor Bill Clinton's successful fund-raising drive has been collecting millions of dollars from a growing cadre of Wall Street bankers and corporate executives who, until this year, had been strong Republican supporters.

"For me it's been building up for almost four years," said Ms. Thompson. "As the recession came upon us and we had numerous meetings with the president and his staff, we got a lack of acknowledgment of the recession. Last October, at a Team 100 meeting, we urged the president to come out strongly to deal with it. But there was a continuous denial."

"I made my final decision after the Republican convention," Ms. Thompson continued. "I couldn't listen anymore to the intolerance, to the hate, that was coming out of the convention." (NYT)

### Journalists Biased, but Fair, Readers Say

WASHINGTON — American voters think reporters overwhelmingly prefer that Bill Clinton, but they believe by an even greater margin that the press has been fair in its coverage of presidential campaigns, according to a survey made public Tuesday.

The survey by the Times Mirror Center for the People & the Press also found that voters blame the press for having too much influence over the election of the president and believe it has been too critical in delving into candidates' personal lives.

Fifty-two percent of those surveyed believe most reporters favor Mr. Clinton, while only 17 percent believe journalists want to see Mr. Bush win, the poll found. Twenty-six percent were unsure.

Still, an overwhelming 71 percent thought the press had been fair in its coverage of Mr. Bush, while 74 percent thought the press was fair in its coverage of Mr. Clinton. (LAT)

### Quote-Unquote

Todd Gitlin, a professor of sociology at the University of California at Berkeley and author of "The Sixties: Years of Hope, Days of Rage," arguing that avoiding the draft was the norm for middle-class and upper-class men, not an aberration. "The Republicans want to persuade the country that we are still living in an era in which the normal thing to do was sign up and fight the enemies of the nation. That country hasn't existed in 40 years."

### Away From the Hustings

- The first balloons to soar from the Americas to Africa touched down in Morocco on Tuesday, breaking the world endurance record set by Ben Abruzzo, father of one of the men, Richard Abruzzo and Troy Bradley came down in open terrain southeast of Casablanca. The U.S. team's balloon was the last to touch down in a race that began with five craft lifting off from a racetrack in Bangor, Maine. The two men spent just over 144 hours in the air.
- San Francisco, designated the national headquarters for the fifth centennial of Christopher Columbus's voyage to America, has scrapped plans for lavish celebrations of the event due to budget constraints, an organizer said.
- James Demouche, 37, who shot and killed two men in a Houston restaurant in 1976, was executed Tuesday by lethal injection in Texas. He murdered Scott Sorrell, 19, and Robert White, 20, at a Zizza Hut restaurant during a robbery.
- A former Catholic priest accused of molesting scores of children more than 20 years ago agreed to be returned to Massachusetts to face charges. James R. Porter, who lives near St. Paul, Minnesota, appeared with his attorney, Paul Lukas, at a brief hearing, but said nothing and did not challenge his extradition.
- Cardinal Joseph Bernardini, the archbishop of Chicago, named a nine-member board Monday to investigate all future charges of sexual abuse of minors by priests.
- American leaders of one of Christianity's most ancient branches, the Ethiopian Orthodox Church, have declared themselves independent of their mother church in Addis Ababa in protest at the recent appointment in Ethiopia of a new head of the church.
- At least 12 women's clinics in Michigan have been attacked in the past week and a half by vandals who pumped in a foul-smelling chemical. The police have made no arrests. Most of the clinics offer birth control, gynecological services and abortion information, but they do not perform abortions.
- Insurance companies have raised the estimates of their costs from the recent hurricane that hit Florida and Louisiana and have called in additional adjusters to handle the claims. Estimates of the total damage range as high as \$30 billion.

AP, Reuters, NYT, UPI

# Bush Keeps Out Front, in the News, Even as He Lags in Polls

By Elizabeth Kolbert

New York Times Service

NEW YORK — George Bush's stock may still be low in the polls. But in the secondary market of television, it is more than holding its own.

For the last few weeks, Mr. Bush has succeeded in dominating the news with far more regularity than his opponent, Bill Clinton. Since the Republican convention, not only has the president received substantially more television coverage than the Arkansas governor, but also the tone of his coverage has improved while that of Mr. Clinton has declined.

Analysts attribute Mr. Bush's new air strength to a more aggressive campaign that has put the power of incumbency to good use — one week producing hurricane aid for Florida, the next saving military jobs in Texas.

At the same time, though, they say, Mr. Clinton has helped the president to command the cameras by adopting a play-it-safe media strategy.

"The president has become much more active and takes a lot more air time," said Marvin Kalb, director of the Shorenstein Bureau Center on Press, Politics and Public Policy at Harvard University. "There's nothing Clinton can do about that. But Clinton is

leading, and as the candidate who has managed to maintain a 10-point differential in the polls, it may not be to his advantage to be too adventurous in the way he puts himself forward."

The emergence of a "coverage gap" is one of the legacies of the Republican convention from which the president's team can take real consolation.

According to the Center for Media and Public Affairs in Washington, between the California primary on June 2 and the start of the Republican convention Aug. 17 — a period that included the Democratic convention in July — Mr. Clinton held the lead in coverage on the network news shows: 454 minutes versus 400 minutes for the president.

During the Republican convention, Mr. Bush, not surprisingly, surged ahead, and since then he has maintained a comfortable advantage. Figures from the center show that in the weeks between the end of the convention and Labor Day, Mr. Bush received 131 minutes of network news coverage to Mr. Clinton's 84.

For Mr. Bush, this translated into an average of 2.6 minutes a night on each network, for Mr. Clinton an average of 1.6 minutes.

After having been accused for weeks of favoring Mr. Clinton, news executives do not seem concerned about

the Bush upturn. "It seems like sort of the normal course of things," one executive said.

The tactics the Bush campaign has used to dominate the news have been well tested by incumbents over the years: dispensing federal goodies, attacking the challenger's fitness for higher office and making "major" presidential addresses. These tactics do not seem to have lost their usefulness despite frequent repetition.

To be sure, at a time when so much of the news about the candidates is negative, getting too much attention, like getting too much sun, can produce unflattering results.

The president's announcement earlier this month that he would save jobs in Texas by selling fighter jets to Taiwan, for instance, attracted widespread coverage, much of it unfavorable.

For the president, though, the tone of the television coverage, while often negative, has at least been improving. For Mr. Clinton, in contrast, it has been getting worse.

August, according to the Center for Media and Public Affairs, marked the first month of the campaign in which people interviewed on the network news — both average citizens and professional politicians — gave Mr. Clinton a smaller proportion of positive reviews than they gave Mr. Bush.

During that month, only 32 percent of those interviewed made favorable comments about Mr. Clinton, while 43 percent made positive remarks about the president, at least as the center interpreted those remarks.

The Clinton campaign has expressed some unhappiness about the fall-off in its coverage; last week, for example, campaign officials complained bitterly when an endorsement of the governor by chief executives in California went virtually unnoticed.

But in addition to fighting a president in full campaign mode, the Clinton campaign, it seems, is also losing coverage to its own deliberately cautious strategy.

Over the last month, Mr. Clinton has consistently hewn to his now familiar economic message, abandoning it only long enough to accept some endorsements or answer questions about the draft. Such consistency, while perhaps advisable for a man who is leading in the polls, does not often produce what could be called news.

"He has not been saying anything interesting, so there's been little to cover," Andrew Lyndall, publisher of a weekly newsletter on television and the election, said of Mr. Clinton. "It looks as if he's sitting on his lead."



Candice Bergen relaxing on the television set of "Murphy Brown" before the broadcast. About 45 million viewers tuned in to see Hollywood defend itself against Vice President Quayle.

## Murphy Brown Hits Back at Quayle

### A Defense by Hollywood of the Single-Parent Family

By Paul F. Horvitz

International Herald Tribune

WASHINGTON — A huge American television audience saw a strange and powerful mixture of art and politics Monday night as a fictional single mother frontally criticized the "family values" campaign of Vice President Dan Quayle.

At its core, the season premiere of the highly rated "Murphy Brown" show was a no-holds-barred defense by Hollywood against Mr. Quayle's argument that the entertainment industry was out of touch with American values.

In the show's defining moment, the popular actress Candice Bergen, playing a fictional television journalist, surrounds herself with an ethnically diverse group of single parents and declares: "These are difficult times for our country, and in searching for the causes of our social ills, we could choose to blame the media, or the Congress or an administration that's been in power for 12 years — or we could blame me."

CBS, the network that broadcast the show, estimated that 45 million Americans were watching. Mr. Quayle emerged after watching the program to tell journalists: "Look, the show was critical of me."

He said it was "basically another Hollywood

campaign contribution" for Bill Clinton, the Democratic challenger to George Bush.

"Murphy Brown" features Ms. Bergen as an acerbic journalist surrounded by dim-witted colleagues who put together a fictional TV magazine called "FYI." Last season, Murphy Brown had a baby by her former husband even though she had not remarried.

A controversy erupted in May when Mr. Quayle, seeking to advance his "family values" theme before conservative audiences, declared that Hollywood was not helping matters by having TV's Murphy Brown "mock the importance of fathers by bearing a child alone, and calling it just another lifestyle choice."

When that clip was shown Monday night on "Murphy Brown," the fictional Murphy Brown blurted: "What planet is he on?"

After hiding out from a horde of reporters, Murphy Brown decides to respond to Mr. Quayle on the fictional "FYI." In her commentary, she declares: "Some might argue that attacking my status as a single mother was nothing more than a cynical bit of election-year posturing. I prefer to give the vice president the benefit of the doubt."

She goes on to say that she doubts that her status as a single mother has abetted the breakdown of Western civilization.

## Job Squeeze Is Hurting Departing Lawmakers, Too

By Gary Lee

Washington Post Service

WASHINGTON — Representative Marty Russo as baseball commissioner? Senator Warren B. Rudman as the head of a nonprofit organization? Representative Matthew J. Rinaldo as a securities broker? Representative Beryl F. Anthony Jr. as a tax lobbyist?

With at least 100 legislators and nearly 1,000 staff members making the transition from Capitol Hill to the business and industry next year, the biggest high-stakes job hunt in postwar Washington is on.

In their search for a soft landing from careers in public service, departing members of the House and Senate are apparently leaving no job vacancy unexplored.

When Fay Vincent resigned as baseball commissioner two weeks ago, a half-dozen senators inquired about the prospects of succeeding him, according to a commission official. After Edward Gabriel, president of a small public-affairs concern, the Madison Group-Earle Palmer Brown, hinted in a news article that he might hire one House member, two others sent him resumes, he said.

Other legislators have turned to Washington placement firms like Klein, Landau & Romm or Russell Reynolds, who shuttle with resumes in hand from Capitol Hill to the upscale legal firms and lobbying concerns in Washington favored by retired lawmakers and their aides. In a curious way, the headhunters also act as career counselors, deflating the salary expectations of some legislators, explaining to others what it really means to be a rainmaker.

"A lot of members tend to think that if they join a firm, business will just come to them," said Susan Schneider, a partner in the legal placement firm of Schneider and Finn. "One of our jobs is to explain that clients have to be developed."

But with the economy flat and unemployment rising among the white-collar sector, business has not been booming. Few legislators have been able to nail down new jobs, even though some have been on the search for months.

Representative Dennis E. Eckart, Democrat of Ohio, is another matter. Known as an able mediator and fund-raiser, a specialist in the hot areas of telecommunications and hazardous waste, Mr. Eckart is a prize for a company looking to hire from Capitol Hill. The 42-year-old lawmaker has already received a flood of job offers, including the presidency of a New

England college and positions in Ohio and Washington-based law firms, he said.

But he is an exception. More typical is the case of a House member who recently applied for the directorship of a major nonprofit organization, but was rejected for lack of management skills, according to a placement counselor.

Until recently, national law firms and trade associations considered former members of Congress trophies and paid hefty salaries to snag them. In 1989, when Tony Coelho, who was the House majority whip, resigned, he said he received 83 job offers before eventually accepting a high-paying position at the New York investment bank of Wertheim Schroder & Co. Inc.

A few plum jobs are still to be had in Washington. Ever since Carl Schram announced that he was retiring as president of the Health Insurance Association of America earlier this year, a small group of lawmakers have been jockeying for the \$397,000 job, several employees at the lobbying organization said.

Outside of Washington, the situation may be even more competitive. "For a representative or a senator to get a good position," said John Franklin, Washington director of New York-based Russell

Reynolds, an agency that places executives and lawyers, "is much more difficult than it ever has been before."

The reasons vary. For one thing, this year's surge of departing legislators has glutted the market. At last count, a record 87 House members and seven senators are leaving, with more seats expected to turn over.

The scandals that have forced some lawmakers from office have also diminished their stock as potential employees. Senator Brock Adams, Democrat of Washington, who withdrew from a re-election bid amid allegations of sexual misconduct, says he has received no job offers.

"Even in the most informal conversations with would-be employers," said Mr. Eckart, "the question of overdrafts always comes up. If you have a lot, it could easily end up costing you a job." Mr. Eckart had no such check problems, though many House members have become embroiled in the House check overdraft affair.

Beyond the scandals, many departing lawmakers want too much money, headhunters say. After surviving on an annual base pay of \$129,500, plus perks like free parking and travel, many retiring members of Congress are looking for

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## Detainee Wanted to Kill Bush

Reuters

DENVER — A woman has been charged with attempting to kill President George Bush last week when he was campaigning in Denver.

No shots were fired by the woman, who had been watching the presidential motorcade in a Denver suburb, according to a complaint filed Monday in U.S. District Court here.

The woman, Deborah Butler, 33, said she wanted to shoot Mr. Bush because she was having problems and wanted attention. Mrs. Butler, who is married, has been staying at a psychiatric hospital.

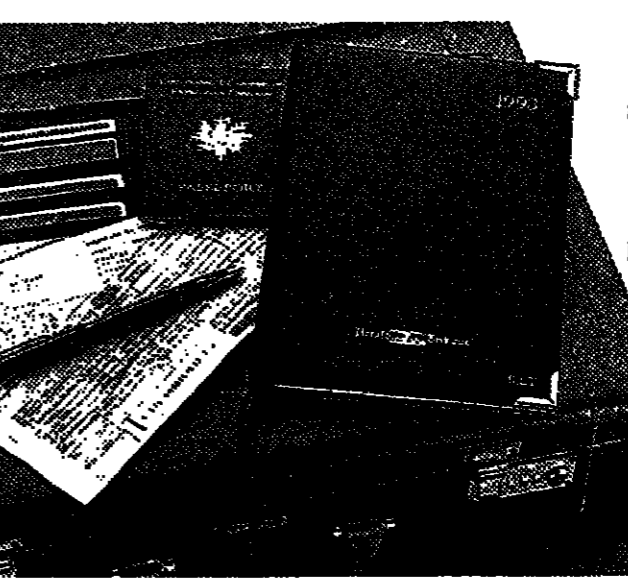
Mrs. Butler went to a hospital emergency room after watching the motorcade and told a supervisor there that she had tried to shoot President Bush, an FBI agent, Richard Price, said in an affidavit filed with the complaint.

Mrs. Butler told Mr. Price that as the motorcade approached, she walked to the curb and had her hand on a .32-caliber revolver but did not remove it from her sweater pocket. She said she thought she was being watched by a sheriff's deputy who had searched her backpack about an hour earlier.

In Mrs. Butler's diary, which was found in a search of her automobile, she referred to Sarah Jane Moore as a "role model." Miss Moore was sentenced to life in prison in 1976 for attempting to kill former President Gerald Ford.

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RETHINKING EUROPE: The idea of a 'defense identity' is also likely to be watered down

Doubts on Maastricht Seem Likely to Delay EC Military Force

By Joseph Fitchett  
International Herald Tribune

PARIS — Plans for harnessing European Community countries' diplomatic and military strengths — and eventually creating an international counterweight to the United States — seem likely to be crippled by the broader doubts afflicting the Maastricht treaty, some European officials said Tuesday.

Although almost totally ignored in the debate as France narrowly ratified the treaty, the European "defense identity" was one of the more ambitious goals endorsed at Maastricht. The officials predicted that EC governments would have to water down the military provisions in practice to make them palatable to all EC countries.

Significantly, there were no preparations for a new security initiative when Chancellor Helmut Kohl and President François Mitterrand had crisis talks Tuesday on the changed EC priorities, aides said.

Even bilateral military cooperation, recently seen

by both governments as crucial to their effort to appear as the pacesetters for the European agenda, seems bound to suffer from second thoughts in both countries because of the wider crisis in political faith in unity.

Although the two countries plan a joint army corps, German opinion appears still unready to envisage it operating outside Europe. France has not yet abandoned, even with its German partner, its traditional reluctance to accept a fully integrated command over the forces it contributes.

"If we were as serious about European defense as we say," said François Heisbourg, a French strategic specialist, "France ought to be ready to do at least as much with its allies as the United States does with its allies: put its forces into an integrated command for their defense."

In recent years, a stronger European voice in security negotiations was an unflatteringly attractive theme for France and Germany in promoting their vision of a tightly structured, more independent Europe.

Now, EC intentions about closer military cooperation, even in the deliberately cautious terms used at Maastricht, need "clarification," according to the head of the Western European Union, the EC's embryonic military arm, which groups the nine European members of NATO.

In a speech Tuesday, Willem van Eckelen, the WEU's secretary-general, said that closer European military cooperation remained essential, because without it, "French policy would lose its main postwar beacon" of trying to encourage Germany's leaders to incorporate their national interests into a broader European interest.

Doubts about Europe's military plans now range well beyond the WEU — which is moving to Brussels from London to function as the link between the EC and the alliance — to include the fundamental uncertainties that have surfaced about whether public opinion in European countries favors closer military unity.

In drawing up the Treaty on European Union, EC governments had years of experience in cooperating to

regulate their exchange rates, but the military provisions — added as a political response to German reunification — had to paper over unresolved disputes between French and German desires for strong language and British fears that the program was unrealistic and liable to alienate American opinion.

Hopes of seeing the EC's development prevent any new war in Europe was the most powerful motive of French people who voted "yes" on Sunday, according to exit polls published Tuesday.

But this support for the EC as a security factor — chiefly as the embodiment of Franco-German reconciliation in the postwar period — does not imply a desire for a new military initiative among voters in European countries, including many in affluent neutral countries that may be urgently needed as EC members to help financially, the officials said.

The "credibility gap is even worse about defense than about money, because in security we have literally nothing to show for it, nothing to build on," an EC official said.

SUMMIT: Mitterrand to Reduce Work Load for 3 Weeks

(Continued from page 1)

there was no question of changing the Maastricht text, but he added, "It can be established that, for example, too much is regulated on the European level to the detriment of countries, then we must abolish this where it happens. We must undo it."

With Britain and Denmark arguing a reassessment of the Community's future, France and Germany still want to sustain the momentum and keep ratification plans for the Maastricht treaty on track among the 12 member states so that it can take effect at the end of the year.

Britain has asked for the right to opt out of Community plans to develop a single currency by the end of the decade. Denmark's prime minister, Poul Schlüter, also said Tuesday that his country no longer wanted to be tied to a single currency, one of the key goals of the Maastricht treaty, which also calls for the development of a common foreign and security policy in Europe.

France and Germany insist that any stalling now would inflict a permanent setback to the Community's goals.

As a result, a "two-speed" Europe is rapidly becoming a reality, since the Benelux countries say they want to join France and Germany in accelerating the drive toward integration of the Community's "inner core" of countries.

The currencies of all five of the Community's inner core are already closely linked, and many analysts believe that it would not be difficult for them to push ahead faster than Britain, Denmark, Spain and Italy toward a single European currency.

achieved now that French voters had approved Maastricht, however narrowly. Only 51.05% approved.

PARIS — President François Mitterrand, who left a hospital last week after an operation that revealed he had cancer of the prostate, will reduce his work load for the next three weeks, his office said Tuesday.

Mr. Mitterrand, 76 next month, will only handle urgent matters, officials said, and he will preside at weekly cabinet meetings. The officials quoted doctors as saying such a slowdown was normal for anyone who had undergone surgery like the president's.

The influential daily Le Monde published a call Monday for the president to cut short his term. A commentator, Jean-Marie Colombani, said the president had accomplished his mission and should "leave while he is on top."

The editor of L'Evenement du Jeudi, Jean-François Kahn, a center-left commentator who has long backed Mr. Mitterrand, said the president not only could but should depart, saying vanity was clouding his vision.

He said the president could point to the ratification of the Treaty on European Union and his cancer as reasons for going.

The illness, announced last week, is not life-threatening, but Mr. Mitterrand looked frail and tired Sunday evening when he thanked voters for their "yes" to the Maastricht treaty in a television address.

"A tired man with drawn features and a weak voice," was how the leftist paper Liberation described him Tuesday.

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Backing a Currency: An Electronic Trip

All That Money's Not Really Lost, It's Simply Redefined by Banks

By Brandon Mitchener  
International Herald Tribune

When central banks "spend" billions of Deutsche marks to support a weak currency like the pound, the lira or the French franc, as the Bank of France did Tuesday, the word for some conjures up dread visions of disappearing banknotes.

But unless you are a central bank governor, there is no need to worry. Those mounds of money do not vanish into an abyss. Instead, the funds simply take an electronic voyage from one central bank to another and back.

Sometimes some money is lost, but mostly it is just redefined. A central bank is a little like a farmer in that it has a commodity to promote — its currency — and tries to keep its prices steady by controlling supply and influencing demand. In Europe, central bank currency dealers hold teleconferences at least four times a day to coordinate action.

Last week, the British, German and French central banks "spent" an estimated 10 billion to 15 billion pounds intervening on behalf of the pound in Europe's exchange rate mechanism, or ERM, a sort of managed marketplace.

What that means is that the Bank of England thought its pounds were selling below market cost and therefore bought a few billion itself, paying in Deutsche marks, to try to bolster the price. In this case they failed.

Mr. Mitterrand is to receive Nursultan A. Nazarbayev, the president of Kazakhstan, on Wednesday. (Reuters, AFP)

Most foreign exchange officials agree it is impossible to ignore market forces for long, and most exchange rates, including the prices of dollars and yen, in fact are market-driven.

Many analysts this week have said the ERM has proved a failure, abandoning the currencies under its protection to market forces just when they needed help most.

"I don't think the French franc needs to be devalued," said Rainer Marian, a foreign exchange analyst at Helaba Frankfurt, a big German bank. "But what do you do if the whole market is speculating against the franc?"

Under extreme pressure, Mr. Marian said, the Bank of France could be forced to admit that its intervention has been unsuccessful and agree to let the franc fall or float with respect to the mark and other ERM currencies.

It was too late. At the end of the day, the pound had shed 5 pfennigs, or about 2 percent of its value, and the Bank of Eng-

It's Hands Across the Rhine In Alsace, a German-French Partnership

By Barry James  
International Herald Tribune

As President François Mitterrand and Chancellor Helmut Kohl discussed French-German cooperation in Paris Tuesday, the people of Alsace were living it — and happy enough with the arrangement to have voted massively "yes" in Sunday's referendum on Maastricht.

Strasbourg, the regional capital, voted 72.2 percent in favor of the accord on European unity, convinced that they have seen the future and it works.

The Alsace region as a whole voted 65.6 percent in favor. A few areas, predominantly farming regions that have seen incomes cut because of reforms in the EC's Common Agricultural Policy, rejected the treaty, but other regions voted more than 80 percent in favor.

The only major group to vote "no" was the far-right National Front, which thrives partly on resentment about the large presence of North Africans and other immigrants from outside the Community.

Germany, for the people of Strasbourg, is a tram-ride away, across the Rhine. More than 50,000 Alsatians cross into Germany every day to work.

It says something about the strength of the Deutsche mark that comparatively few Germans travel the other way to take jobs in France. But increasing numbers of Germans are buying houses just across the river because land and property is much cheaper.

They put their children in French schools, some of which are having to provide translators at parent-teacher meetings. Many German firms also have set up factories in the region. Next week, the first Franco-German television channel, a cultural service that will be broadcast nationwide in both countries, will open in Strasbourg.

Stores, restaurants and hotels in Alsace benefit from the large number of Germans who come over for shopping and tourism.

While fear of German might was a factor else-

where in France in the referendum, the feeling in Strasbourg was that "it is much better to have the Germans integrated in Europe than out on their own," according to Jean-Jacques Fritz, who works for the European Parliament in Strasbourg.

Mr. Fritz said the Alsatians are the first to realize the value of a single currency, because they have to pay a commission of 4 or 5 percent to the bank every time they change money to cross to the other side of the Rhine.

"Europe, we live it on a daily basis," said Claude Keiflin, a political reporter for the local newspaper, Les Derniers Nouvelles d'Alsace, which fought an energetic campaign for a "yes" vote.

Today, said Mr. Keiflin, thought of war could not be further from the minds of either the French or the Germans — largely because of the daily experience of living and working together.

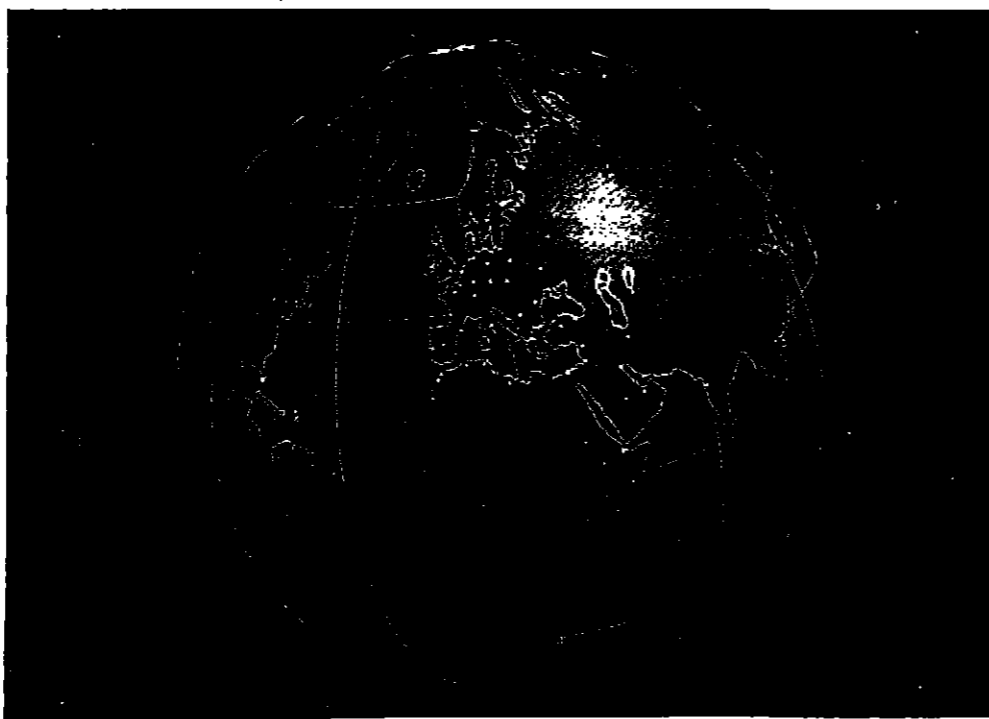
"The Germans think more of their personal comforts these days than anything else," he said. Elsewhere in France, many people voted against the Maastricht treaty as a protest against Mr. Mitterrand and his governing Socialists. Mr. Keiflin said this did not happen in Alsace because the Socialists do not have a large presence in this predominantly Christian Democratic region.

Strasbourg has other reasons, of course, for keeping the Community thriving — the European Parliament holds plenary sessions here, and the city is also home to the 27-nation Council of Europe.

Still, Catherine Trautmann, the mayor, resists any talk of moving the Parliament to Brussels. Having the parliamentary assembly in Strasbourg, she said, provides a counterweight to a technocratic administration in Brussels.

Mrs. Trautmann said that the Alsatians were too involved in the process of European integration to let themselves be influenced by "imaginary fears" of the Germans. In fact, she is busy campaigning for the building of a high-speed railroad line to link Paris and Munich in four hours. It would, of course, go via Strasbourg.

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# In Latin America, A Tradition (Graft) Stymies Reforms

By Julia Preston  
Washington Post Service

**RIO DE JANEIRO**—In Brazil, the president may be impeached for taking illicit payments to spruce up his garden. Venezuela's president, seen as lax on corruption, has faced attempts to drive him from office. In Mexico City, protests against government-rigged elections have become a regular event.

All across Latin America, said Professor Abraham Lowenthal, a veteran observer of the region, "the degree of public awareness and indignation about corruption is greater than at any time in the last 25 years." The failure of some leaders to clean up their governments has become a main source of instability in the region's democracies.

Despite the outrage, however, few gains have been made in prosecuting crooked officials or changing ingrained corruption. Latin American voters have continued to put up with pocket-lining politicians and bureaucrats as long as they feel that government is improving the public's lot as well.

Corruption in Latin America is as old as the 16th-century Spanish and Portuguese conquests. Those empires ordained baroque formalities and intricate laws under which bribing officials became the way to cut through the administrative overgrowth.

But this century's nationalist governments, by expanding and centralizing state power, made it the engine of economic growth and a large-scale arena for corruption. Graft moved from the open palms of petty clerks and the police to the bank accounts of judges, election supervisors and high officials with control over government budgets.

Still, for decades these top-heavy states provided material progress

for the politically pivotal middle classes, often through public-sector employment.

But in the 1980s, heavily indebted governments had to cut spending—shedding state workers, firms and projects. Middle-class living standards slid, unemployment surged and basic social services declined.

By 1990, the United Nations Economic Commission for Latin America and the Caribbean reported, 183 million people in the region could barely feed their families—an increase to 44 percent of the population from 41 percent in 1980.

In the debt-ridden countries, the state has gone in the popular view from patron to malefactor. Fernando de Soto, of Peru's Institute for Liberty and Democracy, said bureaucrats could no longer argue, "I may be stealing, but your standard of living is rising."

Today, polls show, Latins of all social classes believe their governments are corrupt.

Politicians have seen that attacking corruption wins votes. President Carlos Salinas de Gortari began his term in 1988 promising to end gross electoral fraud in Mexico, where one party has been declared winner of all but a handful of elections since the 1930s.

Peruvians backed President Alberto Fujimori after he dissolved the courts and the Congress on April 5, so great was public distrust of those institutions.

Brazil's president, Fernando Collor de Mello, swept the 1989 election with his attack on public functionaries who collect huge salaries without working. But a congressional commission's recent

finding that Mr. Collor took millions of dollars' worth of secret payments in kickbacks has set off a drive to impeach him.

Venezuela's Carlos Andrés Pérez has faced violent student protests and, in February, a coup attempt by young military officers. After Mr. Pérez was elected president for a second time, in 1988, press allegations about officials skimming

commissions from government contracts incensed Venezuelans, who were suffering from Mr. Pérez's fiscal austerity measures.

In Mexico, although opposition leaders concede that Mr. Salinas has made inroads in cleaning up the machine of the dominant Institutional Revolutionary Party, they assert that the party is financed by government resources and that Mr.

Salinas has failed to address that issue.

Mr. Salinas has dismissed some officials accused of abusing power for financial gains and ordered the arrest of others. But observers say he enforces the laws selectively, sparing some officials believed to be doing business with private companies they are supposed to regulate.



Students in Rio demanding the impeachment of President Collor, who is accused of illicit dealings.

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# Few in Haiti Believe in OAS Team

## Military Sees It as Small Concession to World Opinion

By Howard W. French  
New York Times Service

**PORT-AU-PRINCE, Haiti**—When 18 international human-rights observers began arriving here this month, many Haitians welcomed what they hoped would be the mission's calming effect after the year of fear and violence that followed the overthrow of the elected president, the Reverend Jean-Bertrand Aristide.

But with the deployment of the team, from the Organization of American States, few in Haiti, be they the president's supporters or his bitter foes, expressed faith that diplomacy alone could bring a return to democracy.

For Father Aristide's enemies, bolstered by their successes in surviving an embargo declared 11 months ago, the mission was seen as a small concession to the outside world.

"Nothing much is going to change, because we will just keep hanging in there, whatever it takes," a businessman said.

Although Father Aristide's backers support the team in the hope that its presence can help stem widespread army brutality, many said they feared that the organization was acting less out of conviction that it could restore an elected government than to avoid losing face by withdrawing empty-handed.

Conceived months ago as a mission of 500 people or more who would help prepare the president's return

by deterring violence and reinforcing the justice system, the deployment has been limited to 18 people by the country's military-backed government.

"This is truly negligible," said René Théodore, the leader of Haiti's small Communist Party, who has been selected by Father Aristide as a compromise choice for prime minister.

Diplomats associated with the mediation effort are split. Some express skepticism that Haiti's military leadership and the civilian government it installed can be brought to seriously negotiate Father Aristide's return. Others, while acknowledging long odds, still hold out hope.

"I think that eventually they will consider the president's return and that Aristide will again be back in the picture," a diplomat said. Then, referring to the United States, he added, "It all depends on our persistence and whether or not the big players keep sending the message that this is serious."

Other diplomats said that with responsibility for hundreds of deaths on their hands, and the deposed president's insistence that they be punished, no amount of talking is likely to make Haiti's Army leaders resign. Moreover, they said, many in the army have grown rich in a contraband market that has flourished under the international embargo.

"These people have resisted with as much fervor as they could muster," a diplomat said of the army leaders. "One year later, it is pretty clear that Aristide is no closer to coming back."

# Pending Purge Raises Tension in El Salvador

By Shirley Christian  
New York Times Service

**SAN SALVADOR**—The imminent purge from the Salvadoran Army of high-level officers with records of repression—an important part of the peace treaty reached on Jan. 16—has added to rising tensions between the two former sides in the civil war.

United Nations peacekeepers discount the possibility that army unhappiness will lead to a coup attempt. They say that most of the political tension is linked to other aspects of the peace plan, particularly the possible snags in the rebel demobilization because of delays in carrying out the government's commitment to provide land to the former insurgents.

The most obvious signs of tension were at least five men linked to army intelligence, plus a number of killings of bodyguards and drivers working for leaders of the former rebels, union officials, and several near clashes between supporters of the government and those of the insurgents.

UN peacekeepers and others who have sought to investigate say

that in a few cases killings that looked political on the surface turned out to be the result of lovers' quarrels, barroom brawls, or common crime. But they said they felt the majority were, in fact, political. None of the killings involved well-known people, and no group took responsibility.

"We are entering a tense period; violence is up," said Iqbal Riza, the Pakistani who is chief of the UN peace mission overseeing the peace process. "But I think the peace accord is irreversible, provided the agreements are carried out."

He said he considered it remarkable that there had been no hostile fire between the army and the former rebels and no attempts on the lives of any senior insurgent leaders. But he said that only the quick action of UN troops had prevented a clash between the two sides at independence day celebrations on Sept. 15.

Despite its complaints that the government is not moving quickly enough to set up a land distribution program, the Farabundo Martí National Liberation Front carried out the second phase of its planned five-step demobilization on Monday.

# AGE: Birthday Study

(Continued from page 1)

death and those born on Feb. 29, because they celebrated their birthdays on a date not known to the researchers.

But why do men tend to die before their birthdays while women die soon after?

"We have no inkling of how women postpone dying," Mr. Phillips said. But he went on to speculate that the explanation might lie in the ways people take stock of their lives and accomplishments on their birthdays.

In American culture, men are encouraged to base their self-esteem on work achievements, but not everyone can become chairman of the board. Thus, stock-taking may remind men of their failures, thus becoming a dreaded event, he said.

American women are encouraged to value, develop, and maintain social relationships, he said. So if birthdays are a time of increased attention from family and friends, they may become a lifeline event.

This view is confirmed, Mr. Phillips said, by a part of the study involving the timing of death for 390 famous Americans—highly accomplished men and women who were likely to receive substantial attention on their birthdays.

# UN: A Disillusioning Experience in Cambodia

(Continued from page 1)

ations, especially the older ones." He said budget cuts were in the works for the UN Interim Force in Lebanon, deployed since 1978; the UN Disengagement Observer Force, posted in the Golan Heights since 1974; and the UN Truce Supervision Organization, stationed in the Middle East for more than 40 years.

He also suggested a reappraisal of peacekeeping operations that drag on for decades, consuming hundreds of millions of dollars, while negotiations remain deadlocked. In Cyprus, for example, he noted, a UN force has been deployed since 1964 with no apparent progress toward solving the island's conflict. In Kashmir, a small team of UN military observers has been monitoring a cease-fire line since 1949.

Although peacekeeping operations traditionally have accounted for a relatively small share of total UN spending, they have been important symbols of the world organization's primary original mission: preventing conflict. But because the Security Council's five permanent members, including the United States, the Soviet Union and China, hold veto power in the Council, Cold War considerations blocked many opportunities for UN intervention. Since the United Nations was founded in 1945, an estimated 20 million people have been killed in more than 100 major conflicts.

In Namibia, the UN Transition Assistance Group, set up to oversee a cease-fire and supervise an election in the African territory, raised U.S. concerns last year when it "donated" UN property worth nearly \$26 million to the new government at the end of its mission instead of keeping it for future operations. According to an inventory, the property included \$18.3 million worth of "transportation items," notably 1,400 four-wheel-drive station wagons, sedans and pickup trucks.

U.S. diplomats who monitored the operation had little doubt about the beneficiaries of the UN largesse.

"U.S. taxpayers should not be required to provide new equipment every time the UN sets up an operation, only to have it given away to local government officials," a memorandum on the donation said.

In Somalia, a new peacekeeping operation got off to a rocky start last month amid intense criticism of the performance of UN relief agencies there. According to private relief agency officials, a UN technical team assigned to scout territory for possible food distribution would be protected by UN troops spent 10 days flying around Somalia but failed to consult voluntary aid groups that have been working inside the country for months and took too long to make its "assessments" while people starved.

The United Nations now plans to send 3,500 troops to help guard

food shipments and supervise a cease-fire for six months at a projected cost of \$130 million.

Here in Cambodia, questions about the peacekeeping mission are multiplying as the operation hits snags and its timetable slips. Member governments that pay the bills want to know how the United Nations is managing the venture and spending the money.

Parts of the operation are lurching forward. Refugees are returning, and money is flowing into the country. But UN sources and other officials say the effort also has been marked by confusion, delays, profigate spending and some questionable deals.

In a coming report on Cambodia, the human rights group Asia Watch says that UN plans for repatriating refugees "were grounded in a number of miscalculations." It describes the UN Transitional Authority in Cambodia as engaged "in a race against time" driven by a UN-sponsored peace plan that has promised "too much, too quickly." Human rights safeguards have been compromised, it says, and "information given to refugees has been constantly revised, sometimes in a 'misleading' way that has tended to 'undermine faith in the UN.'"

The UN peace mission in this country of 8 million is charged with monitoring a cease-fire and helping govern in preparation for national elections in 1993 under the Paris peace plan. To fulfill that mandate, it plans to deploy 19,500 troops, military observers and civilian police and 1,020 international staff, plus thousands of local employees.

Besides the \$1.7 billion cost of the peacekeeping mission, an additional \$880 million in voluntary contributions has been solicited to finance reconstruction of the country and repatriation of refugees.

Of the budget for the UN peace mission in Cambodia, only \$120,000 is earmarked for external auditing. By comparison, nearly \$2.5 million is set aside for "contractual services for laundry, dry cleaning, tailoring and haircutting." The mission also plans to spend more than \$1 million for televisions and video equipment, \$600,000 for newspaper and magazine subscriptions and \$200,000 for UN flags and decals, its budget shows.

In a report on the Cambodian operation in May, the UN Advisory Committee on Administrative and Budgetary Questions expressed concern about the external auditing and cited costs that it considered "excessive" in many areas. Of \$234.5 million budgeted for "premises and accommodation," for example, \$67.2 million is earmarked for "upgrading of tent accommodations for military contingents," it noted. The report said this amount was too high because most of it applies to only 9,600 UN military personnel. Six contingents are scheduled for withdrawal by October, it added, and the troops are subject to rotation.

Citing budget allocations of

more than \$92 million for the purchase of 3,044 vehicles—in addition to those accompanying troop contingents—the committee said the ratio of vehicles to staff was too high and that "unit prices should be considerably lower."

Perhaps the most controversial deal to date has been a contract to supply more than \$50 million of fuel, oil and lubricants to the UN peace mission in Cambodia. The contract was awarded in August to a secretive Singapore-based company, Continental Offshore. Neither the company nor the UN procurement office would divulge its ownership.

According to UN figures, \$346 million—20 percent of the budget for the UN peace mission in Cambodia—is allocated to salaries, staff costs and per-diem payments to mission personnel. Military observers, civilian police and international staff members receive per-diem "mission subsistence allowance" payments of up to \$145 on top of their salaries. For many, these largely bankable payments, which are meant to cover lodging and meal expenses, serve as a major incentive for joining the UN force.

Asked recently why he volunteered for Cambodia, an Uruguayan naval officer rubbed thumb and forefinger together in the universal sign for cash. In four days here, he said, his per-diem would pay his the equivalent of his normal monthly salary back home, and he figured he could bank 80 percent of it—nearly \$3,500.

Noting that estimates of the total per-diem payments come to about \$227.5 million, the advisory committee called for a review of the rates.

For residents of Phnom Penh and other areas, one of the most criticized aspects of the UN presence has been its effect of driving up prices.

In a country where per-capita income is about \$150 a year, the United Nations has been paying \$6,000 a month and more for houses in the capital. Topping the list of rental properties is a concrete building with 36 rooms, for which it paid \$26,500 a month—about three times higher than estimates of its normal market value even with the current UN-inspired inflation.

In the provincial town of Mongkol Borei recently, the UN mission swooped in and, without checking rates with any of the nongovernmental aid agencies based there, rented a house for \$2,000 a month. The aid agencies, which had been paying \$200 to \$300 a month for their premises, were promptly hit with demands by their landlords to hand over \$1,000 a month and more or move out.

Along with its soldiers, its bureaucracy and its Midas touch, the United Nations has brought a few other problems into the picture. Added to the perennial plague of official corruption have been new levels of greed and vice in the frenetic get-rich-quick atmosphere.

NEXT: Reforming the UN

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# Kissinger Defends Actions on POWs

## At Senate Hearing, He Rejects A 'Dishonorable Accusation'

Compiled by Our Staff From Dispatches

WASHINGTON — Former Secretary of State Henry A. Kissinger denied on Tuesday that the Nixon administration had abandoned any known U.S. prisoners of war when U.S. troops left Vietnam in 1973.

In Senate testimony, Mr. Kissinger, a former national security adviser who negotiated the Vietnam peace agreements, dismissed such charges as a "dishonorable accusation."

Mr. Kissinger said the United States had never been satisfied with prisoner lists provided by Hanoi at the time he was leading peace talks that led to the U.S. withdrawal in March 1973.

But he said the administration of President Richard Nixon never had confirmation of any specific individual being held back.

"We did not know of confirmed prisoners and had we known it, we would have taken the most drastic steps," Mr. Kissinger told the Senate Select Committee on POW-MIA Affairs.

Mr. Kissinger testified the day after two former secretaries of defense in the Nixon administration, James R. Schlesinger and Melvin R. Laird, told the committee they believed some American prisoners were still in Vietnam and Laos after U.S. troops were withdrawn.

Mr. Kissinger said Tuesday that news stories suggesting that Nixon administration officials knew of more POWs amounted to "the most dishonorable accusation that can be made."

Mr. Kissinger said he had advocated the resumption of military operations to enforce the Paris peace agreement and its provisions for the return of POWs starting in the middle of March 1973.

But he said that the anti-war mood in the United States, com-



Henry A. Kissinger prior to his testimony Tuesday before a Senate hearing on Vietnam POWs.

Unanswered questions about missing servicemen are the chief impediment to normal U.S. relations with Vietnam and the lifting of a trade embargo. (Reuters, AP)

binced with specific actions by Congress against further military action, prevented Mr. Nixon from retaliating.

Under the peace accords, North Vietnam handed over 591 Americans in early 1973. Only nine of these former POWs had been captured in Laos.

Previously classified documents show that senior Pentagon aides believed the Pathet Lao Communists were probably still holding U.S. prisoners after the nine were released.

The Defense Department still lists 2,266 Americans unaccounted for from the war.

In a challenge to the committee chairman, Senator John F. Kerry, Democrat of Massachusetts, Mr. Kissinger said it was "a really bizarre situation" that people who were arguing against U.S. policy at the time now say that Nixon administration negotiators should have been tougher.

Mr. Kerry read from newly released secret documents suggesting that while the fate of POWs was a top priority during peace negotiations, it became a secondary concern after the Paris peace accords were signed in 1973.

"Mr. Chairman, you're just playing with documents," Mr. Kissinger said.

"I'm playing with facts," Mr. Kerry replied.

According to documents released by the committee, Mr. Nixon told the nation in a televised address on March 29, 1973, that as a result of the Paris accords "all of our American POWs are on their way home."

On Monday, Mr. Laird, who had resigned as secretary of defense before Mr. Nixon gave that speech, told the committee that he regretted Mr. Nixon's implication that all POWs were accounted for.

finding details about the fates of many Americans, which are often worthy of Shakespeare's pen," Mr. Volkogonov said.

President Boris N. Yeltsin will meet Wednesday with the U.S. co-chairman, Malcolm Toon, and hand over documents about two Americans reportedly executed on espionage charges during the Cold War.

"We are finding graves, we are

# A Legendary Communist Falls

## Japan Party Drops Founder, 100, as Traitor

By David E. Sanger  
New York Times Service

TOKYO — At the age of 100, Sanzo Nosaka is easily Japan's most famous and respected Communist, a founder of the Japan Communist Party and the man who made it a prominent, if never very influential, element in the country's political scene.

But Mr. Nosaka's legendary career in Japanese politics — he survived arrest, imprisonment and exile — has come to an abrupt and bizarre end. Seven decades after he helped begin the party in Tokyo backways, his successors claimed to have discovered evidence that he was actually a traitor to the cause, and dismissed him as its honorary chairman.

What led Sunday to Mr. Nosaka's downfall, party officials said Monday, was a letter written in 1939 and discovered this year in the newly opened archives of the former Soviet Communist Party.

It proved, they said, that the hero of Japanese communism had falsely accused one of the party's legends, Kenzo Yamamoto, of spying on Moscow for the Japanese police in the years before World War II. Several weeks later, Stalin's firing squads executed Mr. Yamamoto.

For Japan's oldest political party, marking its 70th anniversary this year amid growing doubts about its ability to survive, the humiliation of the party's elder statesman may prove a crippling blow.

In one of the world's most fervently capitalist countries, the Communist Party looked increasingly irrelevant even before the Soviet Union's collapse. In elections last month, the party won only 6 of the 127 seats up for election in the upper house of parliament. In the whole parliament, they now hold only 3.5 percent of the seats.

Still, the party plays an odd role in Japan: ideologues in a country of (or even seemingly devoid of) political ideology, a spokesman for workers and a critic of the existence of the Japanese military and monarchy. Even those who disagree with the party's platforms say they respect many of its leaders, not least because they are perceived as honest.

For the party's loyal old line, the discovery of Mr. Nosaka's role in the events leading to Mr. Yamamoto's execution had been jolting.

Takashi Tachibana, a journalist who has written a history of the Japanese Communist Party, said Mr. Nosaka became "a divine figure" among Japanese intellectuals. Now, he said, "the image is totally overturned."

According to Japanese press reports, despite his age Mr. Nosaka attended a meeting of the party's Central Committee last week and admitted that he had been the author of the letter, which was written in English, that surfaced from the Soviet files. The party's newspaper, Akahata, or Red Flag, said Monday that he had stood at the meeting and responded simply that he had nothing to say.

In many ways, the incident that burst into the headlines Monday seemed like a scene from the brittle old newsreels that Japanese television runs each day to fill dead air time between shows. It recalled the prewar days when Japan's Communists were a secretive, outlawed organization battling the rightist military government.

Mr. Nosaka, who studied Communist theory in England until he was deported, earned his credentials by being arrested time and again in the 1920s, once during a mass arrest of Communists in 1928 that nearly crushed the movement.

At the time, he and Mr. Yamamoto were natural allies. The son of a farmer, Mr. Yamamoto became a founder of one of Japan's early labor organizations. But he had a knack for staying one step ahead of police raids, which raised suspicions in Mr. Nosaka's mind.

In 1928 Mr. Yamamoto fled to the Soviet Union. Mr. Nosaka followed a few years later, before moving on to the United States in the 1930s to engage in more underground work. In 1937, Mr. Yamamoto was arrested by Stalin's troops on treason charges. Until recently, Japanese Communists believed a Soviet report that he had died in prison in 1942.

But over the years, the party said, new evidence suggested that Mr. Yamamoto was not a spy. And when the archives were finally opened, new details emerged, including the fact that Mr. Yamamoto was actually shot.

No one knows why that happened, but a letter from Mr. Nosaka, apparently his second one, appears to be the missing link. "I thought that this might help you in your investigation of all cadres and sweeping away all doubtful elements," said the letter, released by the party Monday.

It detailed several incidents in which Mr. Yamamoto escaped arrest or questioning, and meetings he knew about that were raided by the police. The party's Central Committee concluded last week that the letter was particularly damning because it "was a voluntary one," not forced by the Soviets or even a response to an inquiry.

The archives gave up another tidbit. In 1945, Mr. Nosaka had secretly advocated to the Soviets that the Japanese monarchy be preserved, so the Communists would not alienate the Japanese people. He advocated overthrowing Emperor Hirohito and installing his young son, Akihito, in his stead.

Confronted with the documents, Mr. Nosaka said last month that he had made a big mistake by suggesting the continuation of the monarchy, but he explained that he "had been away from my country a long time."

Even in their anger, the Communists seem unable to cut Mr. Nosaka off completely. In a country that prides itself on having 4,000 Japanese who are 100 or older, it is had politics to cast one out in the street.

So Mr. Nosaka, the party reported Monday, may lose his place in history, but not his paycheck. As long as he is around, he will receive "necessary consideration to his livelihood."

# Roh Sees Better Chances for Unity

By Don Oberdorfer  
Washington Post Service

NEW YORK — President Roh Tae Woo of South Korea says his country's normalized relations with China and Russia have improved the chances for unification with North Korea and has called for a broadened Northeast Asia dialogue to assist the reconciliation process.

Mr. Roh, speaking Monday in an interview on the eve of an address to the United Nations General Assembly, also said that South Korea was prepared to show flexibility in the bilateral inspections it is demanding of North Korea to confirm the absence of an ongoing nuclear weapons program.

Although International Atomic Energy Agency inspections of North Korea's nuclear facilities began this past spring, Seoul and Pyongyang remain deadlocked over mutual bilateral inspections, which are expected to be more rigorous. Other aspects of North-South cooperation have been set back, and the United States and Japan have refused major improvements in relations with North Korea until the issue is settled.

Mr. Roh did not specify what compromises might be made in Seoul's demand for 49 nuclear inspections on each side annually, with up to 20 of these involving military facilities. While sticking to the principle of mutual inspections, he said, South Korea is prepared "to take flexible positions" on details, and said specifically that the number of inspections was "somewhat flexible."

In contrast to the urgency of earlier pronouncements, Mr. Roh displayed diminished concern that Pyongyang's drive for atomic weapons could succeed soon.

"North Korea's plans — to the extent they exist — have been somewhat weakened and have met with resistance" as a result of outside pressure, he said.

Nevertheless, the South Korean leader noted, it remains the task of North Korea to "clear the suspicions" of other nations about its nuclear ambitions.

Mr. Roh said that he expected China to use its influence to convince Communist North Korea, which is among the most isolated nations on earth, that economic reforms and openings to the outside world are essential to progress.




BILL MOYERS, TELEVISION JOURNALIST

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## INSIDE CENTRAL & EASTERN EUROPE

### Vienna, October 8-9, 1992

**POLITICAL RISKS AND LONG-TERM INVESTMENT**

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Dr. Elizabeth H. Nelson, Chairman, U.K. Ecolabelling Board, part of the E.C. award scheme to brands with the least environmental impact, and President, WAPOR (World Association of Public Opinion Research), London

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Gerard Pedraglio, President/COO, Publicis — FCB Europe, Paris

**LONG-TERM UNDERLYING DIMENSIONS OF CHANGE**  
How does one integrate this wealth of information to assess its implications and to predict the consequences? What are the key socio-cultural dimensions one needs to monitor in order to create a stable and reliable source of reference?  
Larry Hasson, President, RISC International, Nyon

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In addition to the plenary sessions, special breakout groups of an informal nature will be offered on a number of specific topics, thus affording ample opportunity for detailed debate and discussion.

**REGISTRATION INFORMATION:** The fee for the conference is £750.00. This includes the cocktail reception, lunches and all conference documentation. Fees are payable in advance and will be refunded less a £75.00 cancellation charge for any cancellation received in writing on or before September 28, after which time we regret there can be no refund. However, substitutions may be made at any time. We are able to offer a limited number of places at a special rate of £395.00 for academics and non-profit organizations.

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INTERNATIONAL Herald Tribune

Europe at a Crossroads

A Two-Level Solution?

Europe now has to decide what direction it wants its Community to take. The Maastricht treaty was supposed to answer that question for the next decade or two.

European Unity Lives

For Americans, the news from France is close but clear. European unity lives, and that is in the best interests of the United States.

Games With Minivans

What drives along America's highways, runs on gasoline and carries passengers? Put the question to first-graders and they would answer "cars."

Other Comment

The problems will remain. The world as seen from the Oval Office next Jan. 20 will be a far different place from the world the last nine presidents have known.

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The West Might Evolve a New System for Security

HELSINKI — The diplomatic effort under way in Geneva to make peace in the former Yugoslavia has been dismissed by many commentators as a hypocritical maneuver to cover up the failure of the major powers to act in time to stop the bloodshed.

Well, It Is True, François Mitterrand Is Still Alive

PARIS — His name was linked that morning with that most dreaded word, cancer. He had been released from the hospital only an hour before the announcement.

East Asia: Shifts Toward a New Balance of Power

HONG KONG — It is often difficult to see a new balance of power when it is being created, but the events of the past few weeks are undoubtedly important steps in such a process.

Germany Is Everyone's Business

By A. M. Rosenthal

NEW YORK — For decades, Western political leaders lived and preached a lie — that the world had nothing to fear from a unified Germany. They knew better. They knew that a unified Germany, shored into a Europe still groping for the future, would become the most powerful economic nation on the Continent.

1992: Tempting Cholera

LONDON — Papers here are interested in our inoculated correspondent. They refer to him as the "Herald's experiment."

1917: Anthem Is Barred

NEW YORK — The playing or singing of "The Star Spangled Banner" in the Cathedral of St. John the Divine, the principal edifice of the Episcopal Church, has been prohibited by Bishop David H. Greer, according to an announcement made by the Veterans of the Foreign Wars of the United States.

1942: Wary on Solomons

WASHINGTON — [From our New York edition:] Renewed American air activity in the Solomon Islands, highlighted by damage done to a Japanese cruiser by Navy and Marine dive bombers, was announced tonight (Sept. 22) by the Navy Department.

الصحافة من الامم المتحدة

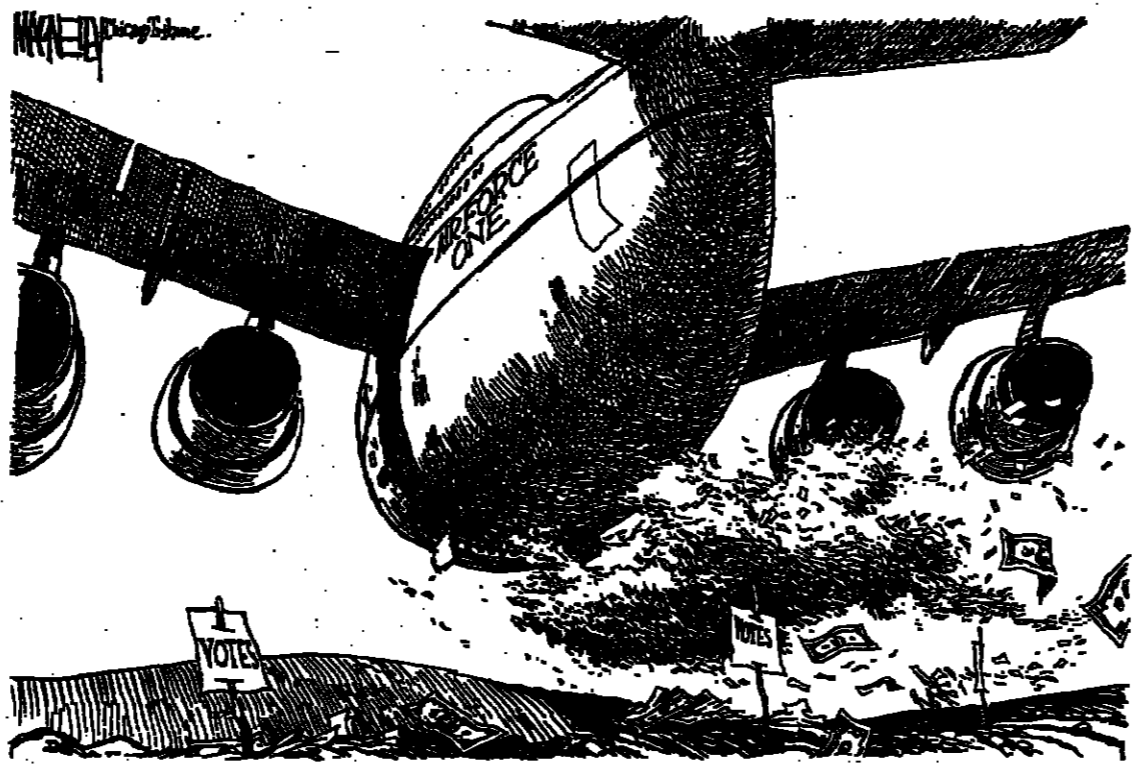


OPINION

Governing: Bad, Getting Harder Fast

By David S. Broder

WHITE PLAINS, New York — The 350 souls who filled the Community Unitarian Church here on Sunday afternoon were clearly concerned citizens. No one else would have chosen to give up two hours of an improbably beautiful day to participate in a forum on "The Paralysis of American Politics: Reinvigorating Democracy." Their comments and questions illustrated how serious they are.



network of "break-the-mold" schools. And the list goes on.

needed or counterproductive liberal policies, because nothing old can be jettisoned," Mr. Rauch writes.

president will end the policy paralysis in Washington on everything from health care to energy to budget balancing.

Even in Danang One Understood

By William Broyles Jr.

LOS ANGELES — I was at Oxford just before Bill Clinton, but while he was lobbying to get a deferment I was undergoing Marine Corps training, utterly convinced that I was preparing to be killed.

ber of marines to die in a single day since World War II. Military experience is no substitute for common sense.

MEANWHILE thought I'd rather be at Yale Law School, too. I would also much rather have been in the National Guard with Dan Quayle or have avoided the war in any of the ways available to resourceful young men.

That took courage. Nothing sick or evasive about it. The political and moral issues he raised in that speech are directly descended from the ones he confronted in the 1969 letter he wrote from Oxford to the commander of the Reserve Officer Training Corps at the University of Arkansas.

The Republicans insist that the issue is Mr. Clinton's credibility. Why won't he come clean about how he avoided the draft? — and not that he did not serve. But the real goal is to draw a more powerful comparison: George Bush, war hero, vs. Bill Clinton, draft dodger.

My son comes of age for military service during the next presidency. I would far rather have his commander in chief be a man who has struggled with the deep moral issues of sending men to war for narrow political reasons than one lost in nostalgia for the noble sacrifices of a heroic crusade that will never come again.

LETTERS TO THE EDITOR

On Rabin and the Rules

Regarding "Rabin and Israel Can't Afford to Ignore the Risk" (Sept. 16): A. M. Rosenthal says that Prime Minister Yitzhak Rabin's advice to Jews to focus more on their friends than on their enemies is "condescending" and is "insulting" to Holocaust survivors.

deporting Gypsies and the Japanese are sending troops into Southeast Asia! Weird stuff.

THOMAS NELSON, Cologne.

social strife, or poor economic policy. The bank is supporting the building of African capacity to manage agriculture, including agricultural research, extension and fertilizer supply, rather than foreign-managed agricultural services.

Regarding "Lower Than Bloody Start and Let the Nation Heel" (Opinion, Sept. 17) by James Follows:

I am tired of listening to people make excuses for themselves and Bill Clinton for dodging the draft during the Vietnam War. It is not that they didn't want to serve in Vietnam, it is that they didn't want to serve, period.

The outcome of Israel's recent elections, which brought Mr. Rabin and the Labor Party to power, was above all a rejection by Israel's electorate of Yitzhak Rabin's lachrymose view of the world.

While the World Bank cannot have all the answers to agricultural development in Africa, Mr. Critchfield's characterization of the bank's assistance there is grossly distorted.

For example, Mr. Critchfield says that World Bank-supported "structural adjustment" programs in Africa are "going wrong in practice." On the contrary, farmers are almost always better off as a result of structural adjustment, because it frees agricultural prices, eliminates costly government marketing boards and allows farmers to make a living income.

Chief of Agriculture, Africa Technical Department, World Bank, Washington.

Of all the phony matchups one runs across, the Republicans' portrayal of Bush-the-war-hero vs. Clinton-the-draft-dodger is one of the phoniest. I, too, served in World War II. But so what? Our country was fighting a war and the country mobilized to help win it.

Are't Republicans being a bit hypocritical? Didn't Ronald Reagan manage to spend World War II making films in Hollywood? What about Dan Quayle, who had strings pulled to get safely into the National Guard? And doesn't President Dick Bush disqualify his defense secretary, Dick Cheney, when he says a man should not be commander in chief if he has not served in uniform?

Unlike Mr. Rosenthal, I fully grant critics of the policies of any Israeli government the right to express their views. But those who previously challenged that right when the Likud was in power should have the decency to acknowledge, when they now criticize the newly elected government, that they have changed the rules of the game.

While the World Bank cannot have all the answers to agricultural development in Africa, Mr. Critchfield's characterization of the bank's assistance there is grossly distorted.

These projects make use of demonstration plots on farmers' fields. The bank supports 27 such projects in Africa. Those that fail are mostly in countries where there is civil war, political or

Hero vs. Dodger?

Are't Republicans being a bit hypocritical? Didn't Ronald Reagan manage to spend World War II making films in Hollywood? What about Dan Quayle, who had strings pulled to get safely into the National Guard? And doesn't President Dick Bush disqualify his defense secretary, Dick Cheney, when he says a man should not be commander in chief if he has not served in uniform?

The young Mr. Clinton did what so many others did at the time. After all these years, let the Vietnam War be over.

Mr. Rosenthal reminds us that he opposed criticism of Mr. Shamir's "life and death security policies" by Israel's "foreign friends." Yet that is exactly what Mr. Rosenthal proceeds to do — take

issue with Mr. Rabin's "life and death security policies." Mr. Rosenthal urges that critics of his policies not forgo their right to lobby Congress and to speak their mind to their legislative representatives.

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successful are Ghana, Tanzania, Togo, Burkina Faso and Nigeria.

It is true that fertilizer subsidies are often reduced under structural adjustment programs. But by increasing farmers' incomes, economic reform programs enable farmers to buy fertilizers without the support of subsidies.

Lawrence C. Sellin, Espoo, Finland.

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GENERAL NEWS

AMERICAN TOPICS

'Biosphere' Revealed As Unself-Sufficient

Managers of Biosphere 2, a private, \$150 million experiment in a scaled-off, self-contained ecological system, are struggling to save it from scandal, accusations of fakery, and what they now admit were a series of administrative and scientific blunders.

they had pumped in fresh air. Yes, the experiment in self-sufficiency had begun with an 89-day supply of stored food.

Students at small colleges drink more alcohol than their colleagues at big universities, according to a survey of more than 56,000 students by Southern Illinois University and the College of William and Mary.

One monitor, Peggy Brady, said, "A lot can happen when a driver has his back to 55 children."

Short Takes

Asians living in the United States have completed more years of school than the rest of the population, but they earn less than whites with a comparable education, according to the U.S. Census Bureau.

School districts are beginning to hire adult conductors, or monitors, for school buses, countering the long-standing trend to replace human beings with machines.

A black hole at the center of the Milky Way? Very likely. Scientists now theorize that most galaxies have black holes.

A Bum Rap for Single-Parent Families

By Malcolm Gladwell

WASHINGTON — The traditional family, so prized in this year's presidential campaign, is undergoing a searching re-evaluation by social scientists.

From the development in the last 15 years of what sociologists consider to be more reliable and sophisticated ways of studying the family, many conventional assumptions are based on short-term studies conducted in the 1950s and '60s.

presented this summer at the American Sociological Association meeting by a Ohio State University researcher, Frank Dool. He used data from more than 1,700 children who were followed from 1979 to 1988.

Other EMS countries which still have fairly high inflation rates would presumably risk massive depreciation if they veered from their current monetary course. Hence it is conceivable that, without the discipline of the EMS, some countries would even be forced to raise interest rates merely in order to keep

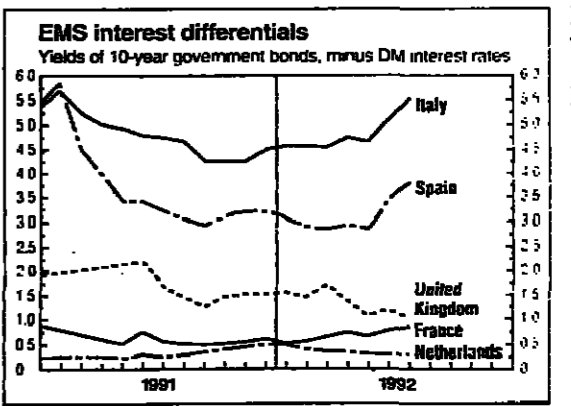
The Commerzbank report on German business and finance

Fixed exchange rates are not at the heart of Europe's slow growth

Whereas the massive surge in German imports in the wake of unification spurred economic growth significantly throughout the rest of Europe, and is still supporting demand, Germany's tight monetary policy is increasingly being held responsible for the currently sluggish growth in Europe — if not worldwide.

"Long-term interest rates demonstrate the powerful influence of expectations."

extending the markets perceive that inflation in Europe is firmly under control. If the EC countries take the Maastricht treaty as a blueprint, there is not much room for easing in any country.



Flexible rates no solution

If exchange rates within Europe were as flexible as the DM/dollar rate, some countries could afford to loosen the monetary reins given their progress on the inflation front.

Flexible rates no solution

Other EMS countries which still have fairly high inflation rates would presumably risk massive depreciation if they veered from their current monetary course. Hence it is conceivable that, without the discipline of the EMS, some countries would even be forced to raise interest rates merely in order to keep

deviated significantly from that steered by the Bundesbank at present, it would in effect be ignoring the core of the Maastricht consensus.

It is to be hoped, though, that the implications of Maastricht for monetary policy will become more widely recognized. Once inflation is squeezed out of the system, we can begin to reap the rewards of price stability which could set the stage for low long-term interest rates and sustained growth in Europe.

COMMERZBANK German know-how in global finance

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# Sherry Lansing, Against the Tide

By Carla Hall  
 Washington Post Service

**L**OS ANGELES — In Hollywood you rarely get anything without a fight, or at least a good long wait. It took the independent producer Sherry Lansing and her former partner Stanley Jaffe 4½ years to get "Fatal Attraction" made. It took 3½ years to get "The Accused" in theaters.

And now there is "School Ties," Lansing and Jaffe's joint venture. (He is now president of Paramount Communications.) It took nine years and a dozen script drafts to bring to the screen this movie about anti-Semitism in a 1950s boarding school.

Ironically, that's the same amount of time it took Lansing to build a career — from being a \$5-an-hour script-reader to the head of production at 20th Century Fox. She also became the first woman to run a major movie studio and wield the power to "green-light" a movie. (She was 35 when she got the job.)

But that was before she entered the front lines of battle as a producer — the job she says she's always wanted and still loves.

"They turn down scripts that I wanted to make, and they will continue to do so. It doesn't bother me," she says, then pauses. "Of course, it bothers me. But it makes you define your passion. If I don't fight for this movie that they didn't want to make, then I don't really want to make it."

Says Jaffe, the man Lansing credits with teaching her how to be a producer: "When

you say, 'I like this,' there's always going to be someone out there from Day One telling you that you shouldn't do it. She works from passion, and I work from passion."

But long before "School Ties" was a movie, when the television writer and producer Dick Wolf brought Jaffe and Lansing the idea, it struck a chord of recognition. She remembered learning about being an outsider growing up in Chicago.

"When I was 9 years old, I remember being in the car with my mother, driving by the South Shore Country Club," says Lansing, who is 48 now. "It was this beautiful, white stucco building with these beautiful, rolling hills, and it was what, 10 blocks from where we lived. I said to my mother, 'Let's go in there for lunch.' And she said, 'No, we can't go in there.' I said, 'What do you mean?' She said, 'They don't allow Jews in there.' I said, 'You can't go in there for lunch?' She laughs now, perhaps at her child's logic.

In the movie, which is not based on her personal experience, the high school football star who transfers to the upper-crust, WASP-filled boarding school tries to hide the fact that he is Jewish and in the process is privy to the casual anti-Semitic remarks of his classmates. The lead of the film, Brendan Fraser, is not Jewish, while some of the boys who play WASPs are in fact Jewish. Lansing says she told the casting director she didn't want any actors asked what religion they were.

"The movie really deals with the bigger issue of being an outsider, and of how we all have this desperate need to be accepted," she says. Lansing herself has been told that she

doesn't look Jewish — "I think that's the most hideous expression in the world," she says. And sometimes she finds herself in the same situation the movie character did.

"I was at a tennis tournament probably four months ago in the Hamptons and some lady — a very nice lady, that's what's so sad — was talking about schools for her kids and she said, 'Well, I don't want them to go there; there're too many Jews.' I was shocked." I said, "How can you say that in front of me?" She said, "What are you talking about?" I said, "I'm Jewish." She said, "Well, you don't look Jewish." I said, "Lady, this is what a Jew looks like!"

Lansing glows when she talks about her husband of a year, the director William Friedkin, whose picture adorns her desk in a large office on the lot at Paramount, where she has an exclusive production deal.

She and Friedkin met at an Oscar-watching party at a friend's house. "I saw this very attractive man sitting across the room next to a girlfriend of mine, and I walked over because I wanted to meet him. She said, 'Sherry, you know Billy Friedkin,' and my mouth fell open. I said, 'You can't be Billy Friedkin; you're much too young and much too cute.' And he said, 'You can't be Sherry Lansing; you're much too young and much too cute.'"

They were married three months later in Barbados. "I knew right away. I just fell in love." He's her second husband. She's his fourth wife. "When you know that it's the right person, all of your checklists go out the window," she says.

## LONDON THEATER



Richard Pasco and Louis Hilyer in a scene from J. B. Priestley's "An Inspector Calls."

# A Ruined Classic, Overpopulated

By Sheridan Morley  
 International Herald Tribune

**L**ONDON — Written in the winter of 1944-45 and first staged in Leningrad by a Soviet theater company a few months later, J. B. Priestley's "An Inspector Calls" is a bitter, cunning, admonitory play about the unacceptable face of capitalism.

It is set in 1912, Titanic year, in the home of a rich northern industrialist who, as the curtain rises, is celebrating his daughter's engagement to a scion of the local aristocracy and his own good chance of imminent knighthood. Suddenly and as if from nowhere, a police inspector calls with news of a woman's suicide, and the rest of the play is taken up with the inspector's attempt to prove that each and every member of the family was individually and collectively responsible for her death.

Only at the very end do doubts set in: The inspector departs as mysteriously as he arrived, leaving the family to realize that he did not belong to the local force, and that the photographs shown were of different women, none of them necessarily dead.

So in that case, who was he, and why did he call? As the family ponders that one, the phone rings a last time: A woman has died on the way to the local infirmary.

This, then, is a play about guilt, and revenge, and the fear of God, and the need for collective responsibility. "If men will not live to help each other, then they will be taught that lesson in fire and blood and anguish."

In fact, what we have here is a director imposing himself unforgettably on a play which is then destroyed by his determination to get between it and the audience. Richard Pasco and Kenneth Cranham retrieve what they can from the wreckage, but it is not a lot.

Another director reluctant to leave a good play alone is the great Georgian, Robert Sturua, who came to us first a decade or more ago with his own Rustaveli company and a stunning "Richard III." Since then, his work here with Bil-

ish actors (notably the Redgraves for "Three Sisters" and now Alan Rickman for "Hamlet" at Riverside) has been less happy, and the current production is a fair old shambles.

Rickman himself makes an intriguingly aged, broody Dane, but there is no coherent production style of any kind. Geraldine McEwan as Gertrude appears to be barking mad from the outset, and David Burke's Claudius seems to have wandered in from a wartime tour.

Michael Byrne as Polonius harbors unusual ideas of crowning his son, Laertes, while only Timothy Bateson (playing virtually all the Elsinore court in an evidently cash-crisis staging) catches the right air of Chekhovian melancholy, wandering offstage at the close clutching a pair of Fortinbras's old boots.

Better fringe news at the Almeida, however, where Diana Rigg is tremendously powerful in "Medea" in a new translation by Alistair Elliot and a radical-chic staging by Jonathan Kent against Peter J. Davison's superb setting.

This is a distinctly modernist "Medea," with Rigg as the Mother from Hell and a highly orchestrated singing chorus of three women who seem to be auditioning for an especially avant-garde Sondheim score.

The sexual politics of the piece are never far from the surface, nor is the gory nature of the tragedy as the granddaughter of the sun goes about her murderous business.

The final body count for Medea is five — two sons, a brother, a former father-in-law and his son's new bride — but most are dispatched in ways unconsidered even by the makers of "Nightmares on Elm Street."

It is some tribute to the Kent production that Rigg's bravura title-turn in no way overshadows those of Madge Ryan as the all-knowing Nurse, or Joseph O'Connor as the Old Creon.



Barbara Leigh-Hunt as Sybil in "An Inspector Calls."

## Pavarotti: A Problem of Lire

**B**OLOGNA — Italy's stringent spending cuts are threatening to hit its most famous tenor, Luciano Pavarotti. Officials from the Emilia-Romagna region have said the 360 million lire (about \$285,000) they agreed to pay Pavarotti in July for a single night's work is now too high. But Enrico Bossoli, the regional president, said Pavarotti's fee cannot be retracted because a contract has been signed. The tenor is due to appear on Sunday in a concert called Pavarotti International.

At the center of the show is the halting, diffident, wonderfully unlikely warrior, William, and it is here in Edward Fetherbridge's infinitely cautious performance that one glimpses some vestige of the play's original insouciant charm. But this has always been a fragile piece, and it often seems, unlike "Pygmalion," unable to stand the weight of the orchestrations.

The Globe, Benny Green and Denis King's "Valentine's Day" is a musical derived from George Bernard Shaw's "You Never Can Tell," the early comedy about the twins and the dentist and the long-lost father and the waiter who is another long-lost father.

Never my favorite show, it has been turned into an amusing, pleasantly melodic little show which might look better on a bare stage with a couple of pianos than in its current no-expense-spared Shaftesbury Avenue production.

Gillian Lynne's staging is hugely and highly choreographic. The set spills out into the stalls where fairy lights are illuminated around the auditorium, and there is a large supporting chorus.

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Simon Valère and Jean Desailly in Eugene O'Neill's autobiographical "Long Day's Journey Into Night."

# Long Day's Journey To Paris

By Thomas Quinn Curtiss  
 International Herald Tribune

**P**ARIS — The Parisian season has just opened at the Théâtre de la Madeleine with a new production of "Long Day's Journey Into Night" ("Long voyage vers la nuit"). Eugene O'Neill's autobiographical drama in which the Tyrone family represent his father, mother, brother and himself in their Connecticut home on a summer morning, noon and evening circa 1912.

As the hours pass, the members of the clan dissect themselves and blame one another for their failures. The interplay between them leads to the impasse to which they have brought one another, exposing them finally as four lost individuals without hope of help from others or themselves.

The father, an immigrant

brought to the United States by his parents fleeing the famine in Ireland, grew up in poverty but, turning to the theater, was engaged by the American actor, Edwin Booth, and showed genuine promise in Shakespeare. He quit the classic stage for more remunerative pastures, touring the United States in melodramas, and was soon a popular and wealthy star. The late years were less generous and as he aged his fortune dwindled and, fearing misery again, he became miserly.

He married a convent-bred girl. She resorted to morphine after the difficult birth of their second son, Eugene. The older son is a cynical wastrel who nags and jeers at his parents. On the day chosen for the play, the younger son learns that he must be treated for tuberculosis. His avaricious father, reluctant to pay the high fees of specialists, has him sent to a state farm hospital where he will certainly die.

The last touch is an invention, for the author survived to write a long shelf of plays.

This American tragedy, adhering to the classic Greek rule that mighty drama must contain terror and pity, is packed with emotional dynamite and moves audiences with its intensity and strength. O'Neill completed it in the early 1940s, but stipulated that it was not to be published until 25 years after his death.

However, after he died in 1953, Carlotta Monterey, his third wife and literary executor, granted permission for its premiere in Swedish at the Royal Stockholm Theater. Mrs. O'Neill then supervised its American presentation with Fredric March as the elder O'Neill and Florence Eldridge as the wife.

The Madeleine staging is a worthy one, especially in its performances.

Jean Desailly, an elegant interpreter of Molière, Marivaux and modern satirical comedies, extends his range with his striking impersonation of the father, the faded matinee idol worrying over his family and his shaky financial state. Simone Valère has high moments as his drug-addicted wife. Christophe Allwright, grandson of the theater visionary, Jacques Copeau, gives a ferocious study of the coarse older son prone to booze and lechery, and Jean Pennez plays the vulnerable young Eugene with appealing sensitivity.

Patrice Kerbrat's direction might

have benefited from the stage business in Laurence Olivier's magnificent London production, but he deserves applause for the simplicity of its scene. A table and some chairs and a backdrop of a seascape suffice. "A platform, actors and a passion" constitute drama in action, as Molière advised.

**N**OT so long ago French humorists grew rich by supplying theaters the world over with what were known as "bedroom farces." Some of them are still in the lucrative international trade, but the majority have either left or taken to television. As a result, "bedroom farces" are being imported from abroad.

The latest arrival of the genre is the "Confidences pour Clarimonde" by Michel Cristopher, which seems to be comfortably installed at the Gaiété-Montparnasse.

Its heroine is a merry mix, a young bride who married an older man, and insists on her right to have outside affairs. She engages a clarinetist to oblige with romantic music for a seduction supper. Two of her beaux — the first, an awkward young man with hang-ups, the second, a restless fellow who keeps telephoning his wife, cause problems.

This wayward scamper is a pleasant pastime, but its author has some trouble in keeping the celluloid ball in the air for two hours.

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**Solution to Puzzle of Sept. 22**

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# 1992

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The Maastricht Treaty / After the French Referendum

## European Monetary Union: Is There Still Hope?

No matter what happens to the Maastricht Treaty following the narrow French ratification of it last Sunday, and no matter what further obstacles arise on the road to European unity, the world business community remains confident that the EC's single market is here to stay.

As a result, the prospect for continuing integration of national econo-

institute on Jan. 1, 1994. Under that timetable, for three years — until the end of 1996 — the institute would lay the groundwork for the central bank; its duties would include the following:

- Strengthening cooperation between the EC members' national central banks.
- Coordinating the national central banks' monetary policies.
- Overseeing the growth and development of the Ecu, including an Ecu clearing system.
- Monitoring the existing European Monetary System.

Reporting regularly on the progress of monetary convergence to the EC leaders, who will make the final decisions on exactly when the central bank will become active and when the Ecu will become the single currency.

In the aftermath of the narrow French endorsement of the Maastricht Treaty, many in European financial circles believe progress toward economic union will slow considerably, assuming that it happens at all.

The close French approval has certainly increased the prospects for a so-called "two-tier" EC in which some member nations would have economic union, including a shared currency, while others would not.

If the Maastricht Treaty's EMI does come into being, for example, many believe it will be around for longer than the planned three years, largely because it will probably take longer to assure the European financial community that a central bank and single currency really are on the way.

"To an extent, the EMI's progress depends on its ability to persuade the European financial industry that monetary union actually is going to happen. Right now, it's a working assumption but not a certainty," Mr.

### Progress toward union will slow considerably

mis within the single market has convinced many European bankers, traders and investors that some sort of continued movement toward European Monetary Union is all but inevitable.

"That's still the plausible planning assumption," says David Kern, the chief economist at Britain's National Westminster bank.

At the same time, however, the result of the French referendum has raised the controversial issue of whether the European Community is moving toward a "two-tier" system, whereby economic union would apply to some member states but not to others.

Like many others, Mr. Kern believes that even if the Maastricht Treaty holds together, the EC cannot stick to its original timetable — culminating in establishment of a European Central Bank by July 1, 1998 and full monetary union, including a single currency, by Jan. 1, 1999.

"The time frame envisioned by Maastricht was not realistic," he says. "My target date is 2005, not 1998."

For now and for however long the terms of the Maastricht Treaty remain the framework for unity, the next big EMU milestone would be the establishment of the European Monetary

Continued on Page 12



Banking / Gold at the End of the Minefield

## Dread and Anticipation: Banks Size Up Regulations

The regulatory landscape is about to change dramatically for the European Community's banking industry. Some banks may find the streets of the financial single market paved with gold. For others, it may present a huge minefield.

A number of regulatory reforms are imminent within the EC, including two major packages of rules that appear

The changes are not affecting Germany alone, however. Across the EC, the coming of the Investment Services and Capital Adequacy directives are leading many, if not most, banks to reposition themselves. Many will re-emerge as full-service financial houses after buying local brokerage firms and establishing working links with investment companies in the big markets of North America and Asia.

### Many will become full-service financial houses

to be heading for enactment by the end of this year.

One is the Investment Services Directive, which will set the framework for banks to participate in cross-border stock trading. The other is the Capital Adequacy Directive, which will strengthen credit ratio requirements for banks operating within the EC.

The many new requirements of these two looming directives, with their inherent higher operating costs, are leading many institutions to recast their own financial profiles.

Nowhere are the changes coming with as much a mixture of dread and anticipation as in Germany, where the big banks have traditionally dominated the financial community. The new rules mean that the big German banks can do more business in other EC countries, but it also means that they may face new outside competition for their historic — and extremely lucrative — stranglehold on the country's vasty wealthy institutional investors and private banking sectors.

As a result, foreign investment houses in Germany are transforming their local stock-trading offices into banks. To compete, German banks are restructuring with securities subsidiaries that will offer customized services to the biggest investors.

With only 51 percent of the French approving the Maastricht Treaty in last Sunday's referendum, the original timetable for establishing full monetary union may no longer be realistic.

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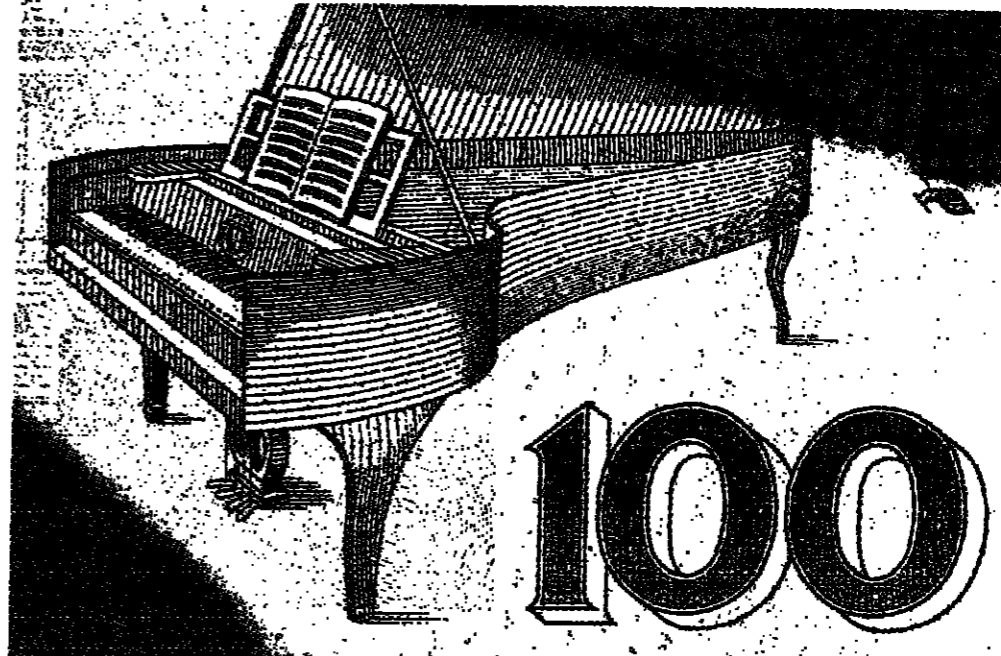
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# 1992 The World's Rendezvous With

European Currency Unit / A Sheer Necessity?

## One-Currency Controversy: We Love It, We Love It Not

At the Brussels-based Kredietbank, the world's first bank to offer Ecu clearing services back in 1980, the general manager, André Swings, has earned the nickname "Mr. Ecu."

His bank has not only led the way in Ecu clearing, but it is now also showing other banks how to begin treating the Ecu as their second currency: no commissions on franc-Ecu exchanges and no costs, fees, commissions or value-added taxes for customer payments of up to 100 Ecus, either at home or abroad.

The bank may be losing income, Mr. Swings admits, but he thinks it is a good investment because he believes the single market is a

firm reality for European business — no matter what happens to the Maastricht Treaty in the wake of the French referendum.

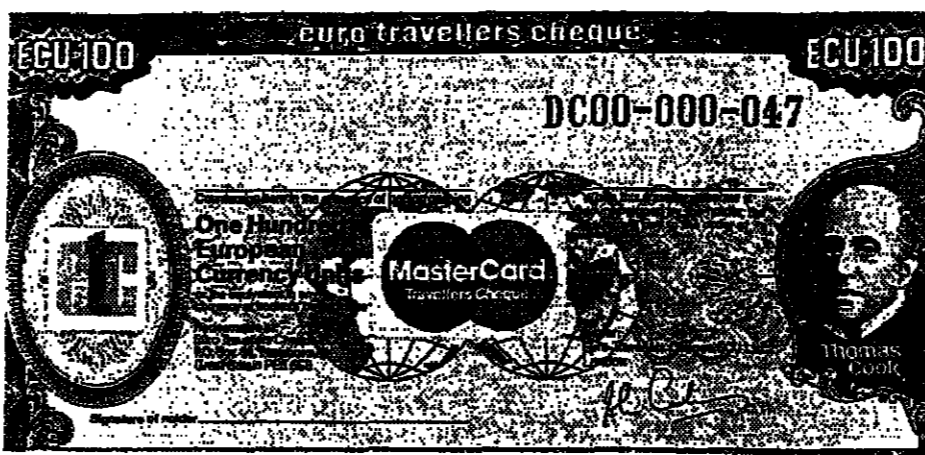
Consequently, even if the Ecu does not replace all other currencies, or if a "two-tiered" European Community leads to a single currency for only some member nations, many bankers believe the demands of the single market will increase the importance of the Ecu for anyone doing business in the EC.

As a result, Mr. Swings thinks other European banks should follow his bank in making similar dual-currency concessions to attract both consumers and business customers

who will remain loyal when the Ecu comes into wider use.

Single-currency boosters in European financial circles concede that the Ecu's popularity has been dimmed by the Danish and French referenda. But the French endorsement of Maastricht, however narrow, avoided the market "chaos" that some traders were predicting in the event of a "no" vote.

While the close oul keeps European unity on the tracks, however wobbly, it heightens speculation that the EC and its members will be forced to redraw their concepts and their timetables for closer economic and political ties.



Bigger, better, safer: new clearing systems to boost the Ecu.

Many Ecu-backing bankers remain convinced, however, that no matter how bumpy the road to European union, the Ecu remains what Mr. Swings calls "a sheer necessity" as the single market continues to develop. Mr. Swings notes that the EC budget is increasingly becoming an Ecu budget, and anyone

who wants to do business with the EC needs to be comfortable doing business in Ecus.

For the Ecu to gain wider acceptance in European banking — and thus in international finance — a new and better clearing process must first be developed among the clearing banks in the Ecu Banking

Association. "Today's clearing system is hampered by the lack of collateralized loans between EBA members," says Mr. Swings. "Without collateralization, the clearing system could grind to a halt if a large bank with a long position refuses to cover a small bank's large exposure. With it, we eliminate these

hesitations." The British, French, Italian and Portuguese central banks have taken the lead in establishing "collateralized facilities" to bolster the Ecu clearing system. The building of a large EC-wide clearing system may take years, however; many leading bankers believe a necessary first step is for the EC nations, through their central banks, to first create their own individual Ecu clearing systems, which can later be linked up across the EC.

"I can only see this being achieved if EC countries individually move their national systems on to a real-time gross-settlement basis," said Olivier Mas, Credit Lyonnais's general manager in London and chairman of the EBA, at a recent banking conference.

Meanwhile, private banks clearing Ecus are also cooperating in an attempt to fight delays in netting and clearing Ecus. The EBA, whose 90 members include 45 Ecu-clearing banks, clears an estimated 40 billion Ecus a day, up from 25 billion Ecus a day only two years ago. The increase in volume has strained the EBA's technical facilities, but the group is planning to install a new computer and software system to help fight delays.

The association says that other areas of future cooperation may include setting up reciprocal rules of credit-worthiness among EBA members and a formal loss-sharing system in the event of default or failure by a member bank.

Such changes are not expected to have any major impact on the Ecu markets, at least not in the near future. A bigger, better and safer clearing network for the Ecu, however, can only enhance its long-range stability in anticipation of a single currency.

T.J.H.

Maastricht / After the Referendum

## European Union: Is There Still Hope?

Continued from Page 11

Kern says. He notes that if and when the realization sinks in, European banks face great operational upheavals.

Along with other questions about the European Monetary Institute, including its membership and methods of working, a number of European financial centers are competing against each other to be its host city. Where the institute goes, many European bankers believe, the central bank — a much bigger plum for any national and local economy — is likely to follow.

"The institute is the obvious precursor to a European Central Bank," says Jennifer Schofield, a researcher at Deutsche Bank. "Wherever it's going to be, you have to assume that's where the central bank will be, too. It's a very political question."

London, Amsterdam, Luxembourg, Frankfurt, Paris and Barcelona, all putting themselves forward as candidates, regard the institute and the central bank as critical not only to future growth, but perhaps also to their continued survival as international money centers. "They see it as their lifeblood," Ms. Schofield says.

Besides choosing a site for the institute and bank, there are many lingering technical questions over how any sort of monetary union would be accomplished — assuming that it remains a goal in some form, either as part of the Maastricht Treaty or some other succeeding EC treaty. At what point, for example, would the values of the 12 currencies be frozen against each other? When and how would the Ecu be assigned its own inherent value, instead of being calculated on the weighted values of the current "basket" of EC currencies?

This is especially important because the value of a country's currency at that moment would serve, presumably forevermore, as a key in determining that country's wealth among its EC partners. The richer the country, the more it would pay to the EC in support; the poorer the country, the more it would gain in subsidies from the EC.

Many other questions remain. Assuming that the ECU would continue to "harden" on its way to becoming a single currency, when would it begin circulating? When would private companies be allowed to issue Ecu-denominated bonds? When would Ecu-denominated equities appear? Would that bring in huge amounts of institutional investment from pension funds heretofore wary of Europe?

How would Ecu pay-

ments systems be adjusted among EC countries and banks? What would happen to the valuation of Ecu instruments issued before EMU but maturing afterward? How would European companies revalue internal loans, leases and insurance arrangements? What might be the effect on interest-rate instruments used to hedge against pre-EMU exchange-rate fluctuations?

These are just a few of the questions that would have to be resolved by the proposed European Monetary Institute, by competitive forces emerging from the EC's financial single market or, more likely, a combination of the two.

Whatever happens, some believe that the process of monetary union remains inevitable, with or without the provisions laid out in Maastricht, and will make the Ecu one of the dominant currencies of the 21st century.

"These developments will contribute to the creation of one of the most important commercial and economic forces in the world and have an undeniable impact on financial institutions," says George S. Zavvos, a former EC Commission official who drafted the Second Banking Directive and is now a Greek member of the European Parliament.

One way or another, Mr. Zavvos says, the single market will require a single currency to eliminate exchange-rate risks, reduce transaction costs and lower capital costs.

"Ultimately, the Ecu will compete with the U.S. dollar, the Japanese yen and other currencies," Mr. Zavvos writes in a recent issue of the Brussels newsletter, The EC Times Financial Services Report. "Countries with strong trade and financial links to EC member states or those whose currency is currently pegged to an EC currency or the present Ecu basket will most likely hold Ecus as official reserves."

Addressing financial journalists in Paris on Sept. 21, Felix Rohatyn, a leading U.S. investment banker and senior partner of Lazard Frères, said he was relieved at the close outcome of the French referendum. He termed the outcome "a step toward stability in Europe" and possibly closer cooperation in monetary policy-making between the United States, Europe, Japan and other members of the international Monetary Fund meeting in Washington. "I have always favored a single European currency as a counterbalance to the force of the dollar and the yen," said Mr. Rohatyn. "It is an important step toward European integration."

Timothy Harper

This advertising section was produced in its entirety by the supplement division of the International Herald Tribune's advertising department. • Barbara A. Borst is a freelance journalist who works in Europe and Africa. • Claudia Fisi is a business writer based in Milan and Monte Carlo. • Timothy Harper, a London-based American journalist and lawyer, is the author of "Cracking the New European Markets," John Wiley & Sons, New York.

# It's curious what passes for an interoperable computer system these days.

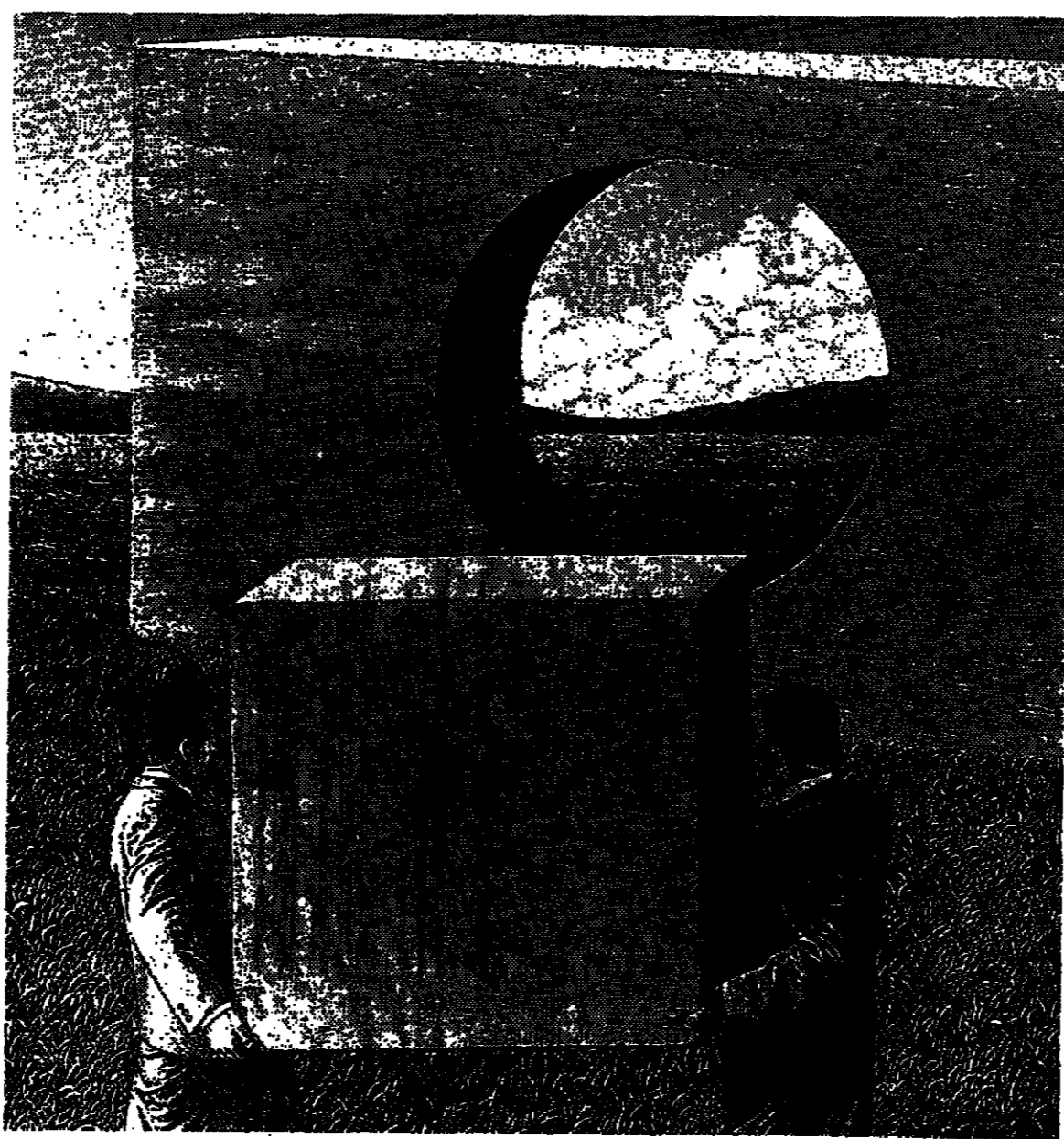
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# 1992 The World's Financial Year

Bourses / Breakthrough

## Standards For Cross-Border Trading

Stock exchanges are the motors driving the economy. That much all parties agreed on throughout the long struggle to develop European Community regulations in this field.

The Investment Services Directive, designed to open securities trading among the 12 EC member states, at last won political approval from the council of finance ministers early this summer. The final draft is being prepared for review this fall, with an eye to putting it into practice early in 1993.

At the same time, a number of securities markets have expanded networks among European exchanges, with plans for a common listing of major stocks, and are exploring possi-



French traders the morning after the referendum: Will the franc escape unscathed?

toughest issues included transparency (the amount of information on each transaction that must be supplied to authorities), bank access to markets and domestic requirements that all shares be traded on stock exchanges. Compromise and grace periods — 1996 through 1999 for Spain, Portugal and Greece — helped resolve the issues.

Jill Ackers, spokeswoman for the London Stock Exchange, says Britain questions why a directive aimed at liberalization should regulate domestic markets at all.

The London system, being quote-driven, is fundamentally different from order-driven markets elsewhere in the EC. In London, market makers risk their own money in offering to buy large quantities of stock at a given price; they do not wish to publicize details of what they are trying to resell.

A spokesperson for the French exchanges says the French are particularly pleased that the directive introduces regulations on transparency and respects the principle of centralized national markets, which they consider important for protecting investors.

While France had no quarrel with proposals on direct bank access to stock exchanges, Germany, with its bank-dominated system, and Spain were diametrically opposed, Mr. Gull-

ford says. Other nations feared that their markets would be swamped by the technology or wealth of their neighbors.

As the final version of the directive takes shape, the Federation of Stock Exchanges of the EC is preparing to launch EuroList and Euroindex by year's end. EuroList will provide exchanges with a listing of the values of 150, later 300, major European stocks. Euroindex will be a barometer of European exchanges, bringing the investor coherent information on what has been a fragmented scene.

Ms. Ackers says that "the European exchanges need to work together to jointly run and regulate a truly European marketplace." Such a market would likely be quote-driven and deal in large blocks of highly liquid securities.

London's Seag International accounts for the lion's share of European securities listed beyond their domestic markets, Ms. Ackers says, but it is a quotation-display system, not a market.

"We're already seeing more stock issues going to Europe or worldwide offers," she says. "The real advantage, if we can create one truly European central market, is that we will also provide access to a pool of capital no one country can provide."

Barbara Borst

Insurance / Jack Be Nimble

## Innovative Juggling in a Traditional Game

"Insurance has traditionally been... well, rather traditional," acknowledged Sir Leon Brittan, vice president of the executive commission of the European Community. In a speech last year, "in some European markets, the products offered, the distribution systems, the investment policies and many other aspects are still very similar to those of 40 years ago."

All that is being swept away, however, by the myriad changes transforming the world's financial landscape.

### Distribution: key factor in insurance marketing

What was once true about the insurance industry — that it was classically cyclical, that the level of competition was limited, that the focus of companies was by and large on their local markets and that risk avoidance was more important than product innovation — is no longer the case.

The EC Commission is trying to create a level playing field for insurance companies; encouraging competition, on the one hand, and continuing to look after consumers' interests, on the other. Balancing these two considerations is a tricky juggling act, especially when there are different criteria for property/casualty, life and reinsurance. All these balls are still in the air, and the jugglers are still trying to get their act together as the clock ticks away to Jan. 1, 1993.

The Treaty of Rome guarantees two basic commercial freedoms throughout the EC: establishment and services. In principle, therefore, insurance companies should have the freedom to set tariffs and determine policy conditions without prior approval by various state authorities. Controls imposed by state regulators should allow for as wide a scope of product innovation as possible. "To create a genuine single market," says Humbert Drabbe, head of the commission's Insurance Division, "it is necessary to introduce full home-country control and a single license." This means that if an insurer is licensed by its home country, it has the right to operate throughout the EC. The host country, where the risk is located, will still retain some control over the conduct of business. In this way, Brussels hopes to minimize risk while maximiz-

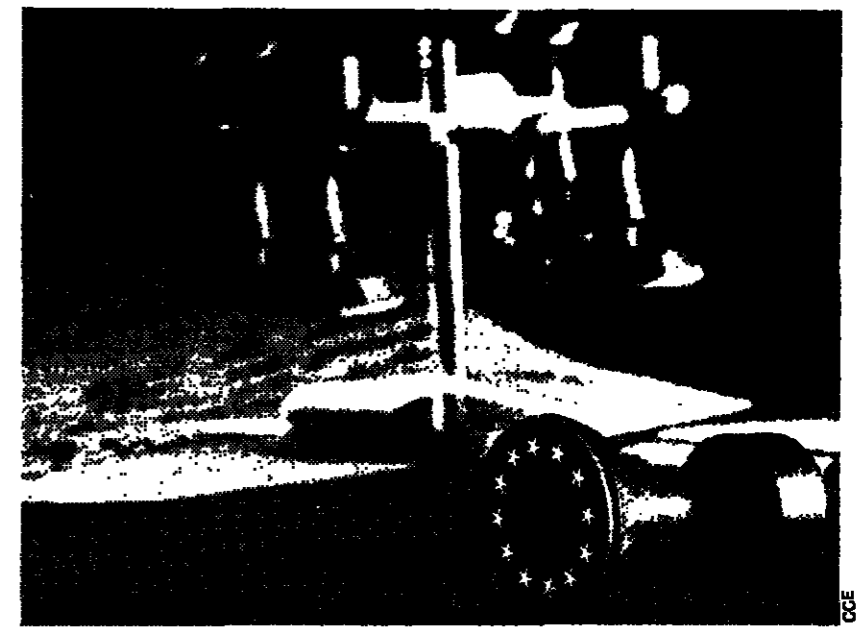
ing product innovation and diversity. Local insurance authority is fiercely guarded, however, and progress in harmonizing insurance practices has lagged behind that of other areas of EC domain. In 1990, the Council of the EC Commission adopted the Second Non-Life Directive, which allows customers to buy insurance across borders for large risks. National legislatures were to have implemented it that year, but only seven of the 12 have passed appropriate laws; Ireland, Italy, Luxembourg, Portugal and Greece have yet to do so.

The Frameworks Directive (third non-life directive), passed last June, will have much greater impact, says Patrick Pearson of the commission's Insurance Division. It directly affects domestic markets by solidifying the single-license concept, although each state retains certain regulatory powers within its borders. This directive also imposes minimum standards

performance and financial strength of companies from different countries. It also lays down rules as to the calculation and definition of technical provisions in non-life insurance. The result, according to Mr. Drabbe, will "increase competition, benefiting shareholders, investors and policyholders alike."

Insurance companies seeking to expand both within and beyond their national boundaries are eagerly seeking new distribution channels, and banks have become their willing partners in this quest. Distribution is the key factor in the marketing of insurance products, notes Carlo Baldissera Pacchetti, co-author of an Andersen Consulting study of the industry, and bank networks offer a built-in distribution system that is much more cost-effective than the agent network traditionally used in Europe.

In such a change-driven environment, only the most nimble will sur-



The EC Commission puts its stamp on the insurance industry.

of regulation of assets to cover technical reserves, and it requires that home-country regulatory authorities be notified of substantial changes in shareholding.

The Accounts Directive, passed late in 1991, allows for comparison of the

vive, be they giants or specialists. The successful insurance companies of the 1990s, in short, will have to learn to juggle, a very untraditional skill for this industry's still-parochial practitioners.

Claudia B. Fisel

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## CONSOLIDATED BALANCE SHEET 1991

	\$ (MILLIONS)	% (91/90)
TOTAL ASSETS (including commitments and contingencies)	150,448	+13.2
DEPOSITS FROM CUSTOMERS	58,281	+13.5
LOANS AND ADVANCES TO CUSTOMERS	43,234	+14.5
FUNDS UNDER ADMINISTRATION	92,694	+16.9
GROSS OPERATING PROFIT	1,426	+ 3.2
CAPITAL ACCOUNTS	4,929	+23.7

The following subsidiaries have also contributed to the 1991 consolidated figures: Monte Paschi Leasing, Monte Paschi Factor, Monte Paschi SE.RI.T., G.E.R.I.T., IFC, Monte Paschi Finanza S.I.M., Monte Paschi Mercato S.I.M., Centrofinanziaria, MPS U.S. Commercial Paper.

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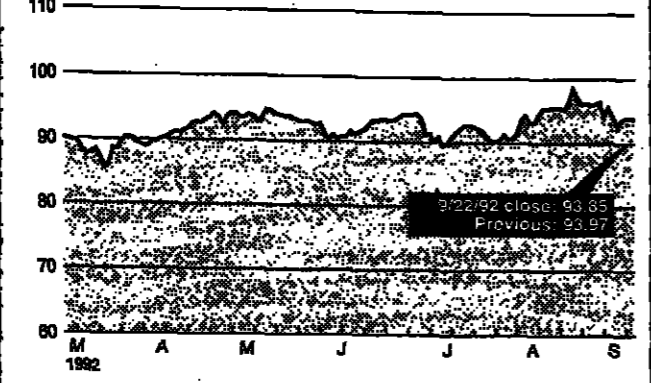
In 1992, Banca Monte Paschi (Suisse), Monte Paschi Australia and Cassa di Risparmio di Prato joined the MPS Banking Group.

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# BUSINESS



**THE TRIB INDEX: 93.85**  
International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. weighting	Close	Prev.
Asia/Pacific	25%	87.49	85.47
Europe	40%	95.87	95.51
N. America	35%	97.57	98.01

Industrial Sectors	Ten close	Prev. close	% change
Energy	96.76	97.50	-0.86
Utilities	89.70	88.82	+0.89
Finance	85.62	84.24	+1.64
Services	97.08	97.31	-0.24
Capital Goods	97.25	97.44	-0.19
Raw Materials	98.43	98.03	-0.41
Consumer Goods	96.79	97.96	-1.19
Miscellaneous	100.20	101.45	-1.23

## MEDIA MARKETS

### More Confident Harper's Takes Another Big Step

**By Deirdre Carmody**  
New York Times Service  
**NEW YORK** — Harper's Magazine is feeling confident. Even flush. Ten years ago, Harper's had losses of almost \$2.5 million a year. "Now we are balancing on the point of breaking even," the magazine's editor, Lewis Lapham, said. Seizing the moment, the 142-year-old Harper's is introducing its first big change since the overhaul that brought the magazine back from near death in 1984. Four times a year, it will publish a long essay or piece of fiction. Titled Harper's Folio, the pieces will be printed on different-colored, heavier paper and separately bound into the middle of the magazine. It will enable Harper's to showcase writers and to offer its advertisers a premium position in the center spread. The Folio section will provide a counterpoint to the shorter, snappier features that have characterized the magazine for the past eight years. It represents an investment of \$150,000, with the hope that it will lure new readers and advertisers. The October issue contains the first Folio piece, "Pafko at the Wall," a novella by Don DeLillo. It takes place during the 1951 playoff game between the Brooklyn Dodgers and the New York Giants when Bobby Thomson clinched the pennant for the Giants with what is known as "the shot that was heard around the world." The game is attended by J. Edgar Hoover, Toots Shor, Frank Sinatra and Jackie Gleason, who sit together. John R. MacArthur, president and publisher, called the new format that he and Mr. Lapham devised in 1984 an "unqualified success." The grand old general-interest magazine became faster-paced and wittier while continuing to publish essays and criticism, such as its piece by Tom Wolfe on the state of American fiction. For the six-month period that ended June 30, Harper's reported a circulation of 202,076, virtually the same as the year before, according to the Audit Bureau of Circulations. Still, this is an increase of about 80,000 since 1983, Mr. MacArthur said. The magazine's main competitor is The Atlantic, which has a circulation of 200,000. See HARPER'S, Page 17

## U.K. Cuts Rate to Slow Recession

**By Richard W. Stevenson**  
New York Times Service  
**LONDON** — Having abandoned its effort to keep its currency stable, Britain took advantage Tuesday of its new economic flexibility by cutting its benchmark interest rate in an attempt to end the painful recession. The 1 percentage point cut in the Bank of England's base rate, to 9 percent, should give the economy an immediate if modest boost after more than two years of rising unemployment, business failures and sagging consumer confidence, economists said. The interest rate cut was Britain's reward for having withdrawn last week from the European exchange rate mechanism, under which European Community nations are committed to maintaining stable currency values even at the cost of keeping rates high. But by confirming that Prime Minister John Major's government has no immediate plans to bolster the rapidly eroding value of the pound, the action also increased the likelihood of accelerating inflation. The pound has tumbled in value the last several weeks, making goods imported to Britain more expensive. Imports account for just over one-third of Britain's economic activity, making the inflation rate particularly sensitive to a falling pound. "While it's clear that we can revise upward a bit our growth forecasts for next year, one must feel relatively nervous about whether this will have a big impact," said Keith Steoch, an economist at James Capel & Co. in London. "Devaluations usually bring with them inflation, so we may be trading short-run gains for long-term pain." Currency markets had expected the rate cut, and the pound closed up slightly in European trading at just under 2.55 Deutsche marks. But Europe's other weak currencies continued to take a beating. In London, stock prices rose on the belief that lower rates would lead to better business conditions. The FT-SE 100-share index closed up 25.9 points at 2,586.00. The decreasing likelihood of a rate cut in Germany sent stocks down in Frankfurt, where the DAX-30 index closed at 1,550.34, down 23.52 points. The European component of the International Herald Tribune World Stock Index fell 0.77 percent. The overall index dropped 0.15 percent as Wall Street stocks sank 1.2 percent because of a plunge in bond prices. (Page 16) In Britain, the rate cut left interest rates at their lowest levels since 1988 and at a level below equivalent German rates for the first time in a decade. The high level of German rates had set off last week's currency crisis by sparking a flow of investment and speculative funds out of Europe's weaker currencies and into the mark. The action came as Mr. Major and the chancellor of the Exchequer, Norman Lamont, prepared for a debate in the House of Commons on Thursday about the abrupt shift in British economic policy and about Britain's role in the faltering process of European unification. The rate cut seemed timed to insulate Mr. Major somewhat from the intense pressure he is certain to face from the opposition parties to lay out a clear policy for stimulating the economy. Mr. Major will also be seeking to quell a mounting revolt within his own Conservative Party over his plan to return Britain to the exchange-rate mechanism sometime and to keep Britain committed to ratification of the Maastricht treaty on European unity. The rate reductions won support from British industry, which has been pressing for steps to help the economy even at the cost of distancing the nation from Europe's monetary system. "This is a welcome first step towards stimulating recovery from recession," said Sir Michael Angus, the president of the Confederation of British Industry, a trade group. "It is fully justified by the weakness of the real economy and exceptionally low inflationary pressures." But some business executives said the cuts would not be enough to stimulate a turnaround, even if, as economists predict, rates come down another full percentage point, to 8 percent, by the end of the year. Underlining the economy's problems, figures released Tuesday showed that Britain's trade deficit widened in August to its highest level since April as imports outvalued exports by \$1.87 billion. "Interest rates should be cut to between 5 percent and 8 percent, and the chancellor should introduce a lower rate for small firms," said a spokesman for the Federation of Small Businesses, which said that 45,000 small companies had failed so far this year because of the recession. Some economists said that even a deeper cut in interest rates would not necessarily solve the problems in the British economy. They said Britain's situation was very similar to that in the United States, where the economy remains extremely weak despite the low interest rates in the 1990s. They said that consumer confidence remains extremely weak, particularly with unemployment, now at 9.9 percent, continuing to rise. Many consumers feel they have too much debt, economists said, a feeling that has been exacerbated by a sharp fall in home prices in the south of England. The rate cut will translate into lower mortgage rates and will help businesses by reducing their borrowing costs, but economist said it was doubtful that the rate cuts by themselves would create the kind of consumer and business confidence that the economy needs to rebound. Major's move also will help to ease the pressure on the pound, which has been under attack since the rate cut. The rate reductions won support from British industry, which has been pressing for steps to help the economy even at the cost of distancing the nation from Europe's monetary system.

## Troubled Loans Slash Profit at Crédit Lyonnais

**Compiled by Our Staff From Dupontes**  
**PARIS** — Crédit Lyonnais, the French state-controlled bank, said Tuesday that the scope of its bad loans was many billions of francs greater than it had previously acknowledged, and that its net profit in the half year had plunged 92 percent as a result. Crédit Lyonnais, whose aggressive portfolio included loans to such borrowers as Robert Maxwell, the erstwhile Italian filmmaker Giancarlo Pirelli and the Reichmann family real estate empire, Olympia & York Developments Ltd., said it had set aside 6.25 billion francs (\$1.23 billion) for potential loan losses in the first six months of 1992. That was nearly double the 3.37 billion francs in provisions for the year-earlier period, and compared with 9.6 billion for all of 1991. Consolidated net attributable profit tumbled to 119 million francs from 1.61 billion a year earlier, due to the provisions, although gross operating profit rose 33.2 percent, to 6.78 billion francs. The bank said provisions for bad and doubtful debt would have to stay high in the second half of 1992, due to the trouble into which corporate clients had gotten as a result of the persistent world economic downturn. It said operating profit in the second half would be subject to the uncertainties of markets and economies. The Paris Bourse reacted emphatically to the Crédit Lyonnais announcement, knocking the bank's investment certificates down 7.61 percent, to 470 francs each. Although stock analysts had turned negative on the bank in recent months, it had said in April in reporting 1991 results that it hoped to be able to reduce its additions to loan provisions this year and expected overall profit to rise. The bad news from Crédit Lyonnais also battered the stock of Thomson-CSF, the state-controlled military electronics producer that holds 15.5 percent of the bank. Thomson-CSF said its first-half and possibly full-year net profit would be affected, and its stock dropped 8.11 percent to close at 135.90 francs. The Crédit Lyonnais chairman, Jean-Yves Haberer, the former merchant banker who masterminded the bank's expansion of its loan portfolio, said that the parlous state of the world economy was the cause of the problems. "We're experiencing an economic crisis of an unknown nature," Mr. Haberer said. "It's not a classic recession, but it's impacting our clients and all banks very much." "It should be noted that the increase in provisions is not due to Crédit Lyonnais' European strategy nor to the partnership between the bank and industry nor to the development of our activities on the capital markets," the bank said. Mr. Haberer, noting that small and medium-sized French companies were among those most affected by high interest rates, said that bankruptcy filings at the Paris Commercial Court were up 31 percent in the first half, to 2,683. The bank chairman was hesitant to discuss the short-term outlook in real estate, but he said office supply in Paris is currently in the range of 4 percent to 5 percent, compared to about 20 percent in London. "Real estate professionals say this can be absorbed in the space of about two years," he said. See IMF, Page 17 (Bloomberg, AP, Reuters)

## Despite Slump, IMF Urges Discipline on Rates and Budgets

**By Paul F. Horvitz**  
International Herald Tribune  
**WASHINGTON** — The IMF urged economic discipline on rates and budgets Tuesday as the fund's director, Michel Camdessus, called for lower rates and more fiscal discipline in a speech to the 172-nation International Monetary Fund meeting in London. Mr. Camdessus said that high interest rates and large budget deficits were the most serious mistakes being made by many countries, most notably Italy. He said that high interest rates were not only a major cause of slow growth and currency fluctuations, but also a major cause of inflation. He urged that interest rates be lowered to a level consistent with long-term growth and inflation targets. He also urged that budget deficits be reduced to a level consistent with long-term growth and inflation targets. He said that the IMF would continue to monitor the situation in these countries and would be ready to provide technical assistance if needed. He also said that the IMF would continue to work with these countries to help them achieve their economic goals. He said that the IMF would continue to be a strong advocate of economic discipline and reform. He said that the IMF would continue to be a strong advocate of economic discipline and reform. He said that the IMF would continue to be a strong advocate of economic discipline and reform.

## Wall Street Treads On H.K. Turf

**By Laurence Zuckerman**  
International Herald Tribune  
**HONG KONG** — Hong Kong's hopes of becoming the "Manhattan of China," funneling international capital into the mainland economy, may be dashed by underwriters in the real Manhattan if a Chinese company succeeds with its plan to be the first mainland enterprise to list on the New York Stock Exchange. The Big Board has approved the initial public offering of 5 million shares priced between \$14 and \$16 of Brilliance China Automotive Holdings Ltd. That three-month-old Bermuda-based company's only asset is a 51 percent holding in Shenyang JinBei Passenger Vehicle Manufacturing Co., a maker of minibuses in China's industrial north-east that is a joint venture between the state and foreign investors. First Boston Corp., the lead underwriter of the offering along with Merrill Lynch & Co. and Salomon Brothers Inc., was optimistic that the company will meet the rigorous standards set by the U.S. Securities and Exchange Commission even though it has only recently adopted Western accounting practices. It also said it believed the listing may soon be joined by other capital-starved Chinese enterprises. "If this is a success, we will likely see others following in New York or in other international markets," said David P. Walker, managing director of the Hong Kong-based CS First Boston Pacific. But brokers and underwriters active in China's stock markets in Shanghai and Shenzhen, the special economic zone across the border from Hong Kong, criticized the proposed listing, charging that it was a gimmick that would do little to enhance the reputation of the mainland's fledgling markets. "Some U.S. merchant bank came up with a very fancy story and managed to persuade government officials and executives in the company that a New York listing could help the development of the securities market in China," said Lawrence Ang, an analyst at SBCI Finance Asia. It was SBCI, a unit of Swiss Bank Corp., that placed the first B-class shares, which are reserved for foreigners, listed on the Shanghai Stock Exchange in February. Mr. Ang wondered whether the Chinese company would be able to meet the SEC's numerous reporting requirements. "I think this will be a total failure," he predicted. But Mr. Walker said the idea originated with Chinese authorities who want to tap the U.S. capital market and show international investors that a Chinese company can meet even the strictest accounting and regulatory standards. "They have put a lot of work into this thing. It is very important to see LIST, Page 19

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## CURRENCY & INTEREST RATES

Cross Rates	Sept. 22
Australia	1.62 1.61
Belgium	36.33 36.33
Canada	71.42 71.42
France	166.63 166.63
Germany	163.63 163.63
Italy	1936.26 1936.26
Japan	163.63 163.63
Netherlands	36.33 36.33
Spain	166.63 166.63
Switzerland	163.63 163.63
UK	163.63 163.63
US	163.63 163.63

MARKET DIARY

Bonds Plummet, Hurting Stocks

Bloomberg Business News

NEW YORK — Wall Street stocks closed broadly lower Tuesday, swamped by a plunge in Treasury bonds and some prominent blue chips, including Coca-Cola and General Motors.

The Dow Jones industrial average slid 39.98, to 3,280.85. Computer-guided sell orders whacked

36 points off the blue-chip average, according to Birming Associates. Decliners beat out advancers by a margin of 10 to 4 among common stocks on the New York Stock Exchange.

Trading was active, with almost 190 million shares changing hands on the Big Board.

It was "mainly the bonds" hurting the stock market, said Edward Laux, head of trading at Kidder, Peabody & Co. "But there's still problems with the currency and interest rates."

The dollar and bonds fell on reports that Germany's M-3 money supply surged 9 percent in August, dashing hopes for easier credit from the Bundesbank soon. Treasury

bonds fell further after the Commerce Department said housing starts soared 10.4 percent in August. The benchmark 30-year bond lost more than a point, and its yield rose to 7.46 from 7.36 late Monday.

General Motors skidded 1 1/4 to 33 after the automaker slashed its estimate for third-quarter North American production by 8.1 percent because a strike at its Ohio metal-stamping facility has halted output at nine assembly plants.

"GM, like IBM, is a stock that can drag the whole market down," said William Lord, a trader at Lehman Brothers.

Ford fell 2 1/4 to 40 1/4, and Chrysler dropped 3/4 to 23 1/4.

The rout in auto stocks was accentuated when a Wertheim Schroder analyst sheared his earnings estimates for GM and Ford and lowered his opinion of Chrysler.

Coca-Cola lost 2 1/4 to 42 1/2 after the company told analysts it expects third-quarter international sales, measured in cases, to hold around last year's level because of big declines in Brazilian and British volumes.

FRANC: Paris Intervenes Heavily

(Continued from page 1)

bank as a barometer of future German inflation, were seen as ruling out any chance of an immediate decrease in German interest rates. French bankers believe that only a substantial cut of at least 1 percentage point in German interest rates can save the situation by demonstrating that the Bundesbank is prepared to fight to stabilize the franc.

"The heavy scale of intervention cannot be sustained," said Avinash Persaud at UBS Phillips & Drew in London.

Given the continuing over-run in money supply growth, a self-imposed cutback in any lowering of Bundesbank interest rates, analysts see little hope for rate relief in the days ahead.

The prospects a month or so from now could look better. The unity talks now under way between government, opposition, labor and industry in Germany are expected to produce significant spending cuts that will open the way for the Bundesbank to reduce rates without fanning fears that it is becoming complacent about inflation.

In addition, the gathering economic slowdown in Germany may also become more evident and permit an easing of credit policy.

Until any of that happens, various theories are circulating about what the Bundesbank can do immediately to help the franc.

Since official "talking up" of the currency by Helmut Schlesinger and Hans Tietmeyer, the two top

Bundesbank officials, has failed to move the franc, bankers speculate that the Bundesbank could announce that it will publicly start to intervene to help support the franc before it reaches its floor level.

Voluntarily intervening before it is obliged to do so, the central bank would be sending a signal of its support for the market.

But professional traders doubted that would turn the mood.

More dramatic, they agreed, would be a statement from the Bundesbank that it is diversifying its holdings of foreign currency reserves — now mostly dollars — to include French francs for, say, 10 percent of the total.

The significant difference is that stepped-up intervention only reflects how much the Bundesbank is willing to lead to France. The foreign exchange risk, if the franc were devalued, remains entirely on the French. But by taking francs into its reserves, the Bundesbank would bear the entire currency risk if the currency is devalued.

"That could be a powerful signal to the market that Germany is prepared to rescue the franc," Mr. Persaud said.

The only other hope is that speculators may get worn down by the cost of their operations.

The dollar closed slightly higher against major European currencies, rising to 1.4975 Deutsche marks and 5.1075 French francs, up from 1.4835 marks and 5.0660 francs. It rose to 1.3050 Swiss francs from 1.3022. The pound, the pound of the pound, fell to 1.6950, down from \$1.7080.

The Dow

Daily closings of the Dow Jones industrial average 3450



Standard & Poor's Index

NYSE Indexes

NASDAQ Indexes

AMEX Stock Index

Dow Jones Bond Averages

Market Sales

AMEX Most Actives

NYSE Most Actives

NYSE Diary

Amex Diary

NASDAQ Diary

S&P 100 Index Options

N.Y.S.E. Odd-Lot Trading

Pinault and Printemps Plan Merger

PARIS — Pinault SA, the French distribution company, and the department store chain Au Printemps SA plan to fully merge this year, Au Printemps said Tuesday.

As the first step of the operation, Pinault will bid 780 French francs (\$153.42) per share for the one third of Printemps's stock it does not already own. The bid price represents a premium of 20 percent over Printemps's last traded price of 650 francs and a 9.5 percent premium over the weighted average of the past 60 sessions on the Bourse.

The second stage will be a share swap offer made by Au Printemps for Pinault. Au Printemps will offer to swap one Printemps share for every 2.25 Pinault shares.

EUROPEAN FUTURES

LONG GILT (LIFFE) 10-year

Food

Metals

Stock Indexes

Spot Commodities

Dividends

U.S. FUTURES

Grains

Metals

Livestock

Financial

Stock Indexes

Commodity Indexes

Market Guide

U.S. / AT THE CLOSE

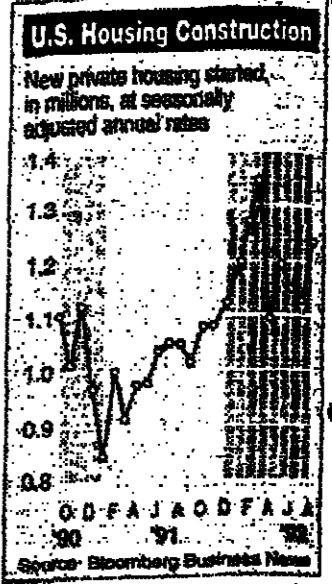
A Surge in Home Building

WASHINGTON — Home construction surged 10.4 percent in August for its largest increase in one and a half years, the Commerce Department said Tuesday, boosted by low interest rates and dry weather.

But building permit applications fell 1.6 percent, to 1,063 million, a bad omen for future construction. Analysts said that with consumer confidence low and the job market soft, further housing market improvement may be difficult.

Housing starts for the month rose to a seasonally adjusted annual rate of 1.237 million units, making their biggest climb since February 1991. The unit rate was the highest since last March.

Starts rose in every region but the Northeast last month. Single-family-home and apartment-building construction both increased, the Commerce Department said.



Senate Approves Bill on Cable TV

WASHINGTON (AP) — The Senate on Tuesday ignored a veto threat by President George Bush and gave final congressional approval to legislation designed to hold down costs in the cable television industry and encourage competition.

The vote was 74 to 25 — more than the two-thirds majority that would be needed to override a veto. The measure cleared the House last week, also by a margin that suggested lawmakers would overcome Mr. Bush's opposition.

Under the measure, the Federal Communications Commission would determine "reasonable" rates for basic cable programming and the equipment consumers use to receive it. Rates have risen in recent years, three times the rate of inflation. Mr. Bush has threatened to veto the bill on ground that it would place "burdensome and unnecessary requirements" on cable operators.

IBM Software for Small Computers

NEW YORK (AP) — IBM said Thursday that it would make mainframe-class software for its line of small workstation computers, one of the surest signs yet that even International Business Machines Corp. cannot keep customers from defecting from its profitable large machines.

IBM, the world's largest mainframe computer maker, said it would make a version of its transaction-processing software for its popular RS-6000 workstations, which are desktop and desksize computers. Transaction processing involves such things as instantaneously updating customer accounts at a bank when deposits or withdrawals are made.

Workstations used to appeal primarily to scientists and engineers, but in recent years they increasingly have been used by commercial customers such as airlines, banks and insurance companies.

For the Record

Boeing Co.'s commercial airplane unit said Tuesday that it had received an order valued at \$345 million, including spare parts and training, from EVA Airways, a new carrier based in Taiwan, for two Boeing 747-400 airplanes.

Acorn Fund Inc. is launching Acorn International, a no-load fund to invest for the long term in small international companies. (Reuters)

WORLD STOCK MARKETS

Agence France Presse Sept. 22

Table of world stock markets including Amsterdam, Helsinki, Hong Kong, Brussels, Johannesburg, Milan, London, and Montreal. Columns include stock names, prices, and changes.

Table of world stock markets including Paris, Sydney, Tokyo, Sao Paulo, Singapore, Zurich, and Toronto. Columns include stock names, prices, and changes.

Table of U.S. Futures markets including Grains, Metals, Livestock, and Financial. Columns include contract names, prices, and changes.

Table of U.S. Futures markets including Stock Indexes, Commodity Indexes, and Market Guide. Columns include index names, prices, and changes.



# German Money Supply Up 9% Sharp Growth Limits Scope for Cut in Rates

FRANKFURT — The Bundesbank announced Tuesday that the growth of its M-3 money supply, a barometer of future inflation, quickened to an unexpectedly strong annual rate of 9 percent in August from 8.5 percent in July, dashing hopes of a near-term cut in German interest rates.

Economists had forecast August growth between 8.2 percent and 8.5 percent. "This underlines the argument that, from the domestic point of view, there is no room for further interest-rate reductions," said Thomas Mayer, economist at Goldman, Sachs & Co. in Frankfurt.

The Bundesbank said the growth of cash in circulation was unusually strong and that seasonally adjusted lending in the private sector had risen nearly 11 percent in the last six months.

"We're seeing no improvement in the fundamentals, which are causing the money supply expansion," Mr. Mayer said.

The Bundesbank said bank credits to companies and private clients rose by 17.7 billion Deutsche marks (\$11.78 billion) in August after growing 7.9 billion DM in July and 16.1 billion DM a year ago.

Mr. Mayer said part of the growth in cash could be attributed to a rise in consumer spending after

the expiration in July of a "solidarity tax" charged to help pay for the country's reunification.

Hermann Reinsperger, economist at BHF-Bank in Frankfurt, said an influx of capital from foreigners taking advantage of high German interest rates has been one of the fundamental factors which have made it "extraordinarily difficult" to control money supply growth.

The Bundesbank has set a target corridor for money supply growth of 3.5 to 5.5 percent for 1992.

But the central bank has conceded that it is not likely that it will

meet this goal, due to several factors that have fueled growth, notably an inverse yield curve — in which short-term interest rates are higher than those on long-term debt — and subsidized credits for Eastern Germany.

The Bundesbank has been criticized in Europe for its high-interest-rate policy, which has been blamed for the recent sharp movements in the European Monetary System.

M-3 comprises of cash in circulation, sight deposits, term deposits of less than four years and savings deposits.

# Rothschild Makes Debt Provisions

ZURICH — The private Swiss bank Rothschild Bank AG said Tuesday that it would make new provisions of 150 million Swiss francs (\$114 million) for bad debts after uncovering credit irregularities, and its shareholders stepped in to support the bank.

Last month, the former head of the bank's credit department, Jürg Heer, was arrested for irregularities involving millions of francs. Rothschild's statement did not name Mr. Heer but said the person concerned with discrepancies it had uncovered had been arrested.

Rothschild said the endangered credits had now been moved to another Swiss firm belonging to the bank's shareholders and its own share capital would not be affected. It also said it had enough capital for its activities and its problems were limited and under control.

Rothschild had already transferred 63.5 million francs from hidden reserves to include in write-offs and provisions of 100 million francs in the year ended March 31.

The majority in the bank is held by the Swiss holding company Rothschild Continuation, which in turn is held by the Rothschild family in London.

# Michelin Returns To Profit in Half

PARIS — Michelin announced Tuesday a positive turnaround in profitability despite a lackluster tire market.

The world's largest tire maker, mired in losses for the past two years, reported a net attributable profit of 820 million francs (\$161 million) for the first half of 1992. That compared with a loss of 1.06 billion francs a year earlier.

The first-half earnings were more than double the profit earned in the last half of 1991 and indicated the company was on its way to meeting analysts' profit expectations for the year.

Compagnie Générale des Etablissements Michelin said a program of cost cuts and long-awaited tire price increases helped it cope with continued weak demand. The centerpiece of the cost-reduction program, announced in October 1990, was a plan to cut 16,000 jobs.

The company swallowed the costs of the program in its 1990 and 1991 accounts. Its loss in 1990 was 4.81 billion francs, and it narrowed to 699 million francs in 1991.

Tire price increases late last year and early this year helped boost Michelin's first-half revenue by 5.6 percent, to 34.8 billion francs from 32.97 billion.

"They enabled Michelin to re-establish the conditions of economic

equilibrium that were seriously jeopardized by the excessive reductions in sales prices that had brought on the crisis of the preceding years," it said.

Operating costs were held steady, helping the company more than double operating profit, to 2.73 billion francs.

"This very strong rise clearly reflects the magnitude of the recovery accomplished by the group in a market where growth remains weak," Michelin said in a statement printed in the business daily Les Echos.

Michelin said it foresaw modest growth in the world tire market in the second half of 1992.

The company said the first-half earnings included a one-time charge of 145 million francs in amortization of goodwill linked to the integration of new distribution companies into the group.

Eric Bourdais de Charbonniere, the finance director, said Michelin had decided to amortize all of the goodwill in one earnings period.

Net attributable profit in the first half would have been about 950 million francs had the company decided to amortize the goodwill over a longer period, he said.

Amortization of goodwill in the first half totaled 194 million francs, up from 129 million in the 1991 period.

# Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
1900	2800	2100
1800	2700	2000
1700	2600	1900
1600	2500	1800
1500	2400	1700
1400	2300	1600
1300	2200	1500
1200	2100	1400
1100	2000	1300
1000	1900	1200
900	1800	1100
800	1700	1000
700	1600	900
600	1500	800
500	1400	700
400	1300	600
300	1200	500
200	1100	400
100	1000	300
0	900	200

Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	112.50	113.00	-0.44
Brussels	Stock Index	5,469.95	5,512.76	-0.78
Frankfurt	DAX	1,560.34	1,573.86	-1.49
Frankfurt	FAZ	612.92	618.33	-0.87
Helsinki	HEX	577.25	584.57	-1.25
London	Financial Times 30	1,910.10	1,887.80	+1.18
London	FTSE 100	2,586.00	2,560.10	+1.01
Madrid	General Index	207.70	210.90	-1.52
Milan	MBI	725.00	745.00	-2.68
Paris	CAC 40	1,832.81	1,826.00	+0.37
Stockholm	Aktieavertiden	865.81	877.41	-1.32
Vienna	Stock Index	375.98	379.50	-0.93
Zurich	SBS	645.70	643.20	+0.39

# Very briefly:

- Services Industries Strategics International & Environnement, an international consulting company owned by Schneider SA, will be chaired by Edith Cresson, former prime minister of France.
- Royal Nedlloyd Group NV, the Dutch shipping and transport company, said Leo Bernades, currently a board member at Aegon NV, would take over as chairman during 1993 from Henk Rooten, who is retiring.
- BSN Group of France and Ajinomoto Co. have agreed to sell 50 percent of their Ajinomoto Danone venture to Calpis Food Industry Co. of Japan.
- Benetton Group SPA announced a venture with Delhi Cloth Mills called DCM Benetton India Ltd., saying it intended to produce a million garments a year.
- Holvis Holzstoff AG said 1992 net consolidated profit would be "significantly higher" than the 31.5 million Swiss francs (\$24 million) achieved a year earlier because of extraordinary profit in real estate sales.
- VL Bus Asia Ltd., a unit of Volvo AB, said it got a contract worth more than 100 million Swedish kronor (\$18 million) to supply 200 three-axle Olympian double-deck chassis to Singapore Bus Service (1978) Ltd.

# EC to Act on Reservation Systems

BRUSSELS — The EC Commission is poised to adopt rules on Wednesday to prevent major airlines from using their computer reservation systems to elbow out competitors, officials said. The code of conduct is aimed at airlines based in the European Community, but it will also affect foreign carriers; it allows EC companies to respond in kind to foreign airlines with reservation systems that discriminate against EC airlines. Some Community airlines have accused U.S. carriers of this practice. The proposal is the first in a series designed to apply the EC's competition rules to airlines, which will be free to fly almost any Community route they choose from the end of the year. The commission will demand that computer reservation systems list airlines in a nondiscriminatory way, and that they carry an equal amount of information on each carrier.

# HARPER'S: Taking Another Step Toward Health

(Continued from first finance page) circulation of 465,173. Like most other magazines, Harper's has seen its advertising decline because of the recession. Ad pages are down 12.7 percent through August, as reported to the Publishers International Bureau. The magazine derives 64 percent of its revenue from circulation and the rest from advertising.

Mr. MacArthur confirmed that Harper's is nearing the break-even point. In 1992, he said, the monthly magazine expects to lose \$60,000 on revenue of \$4.6 million. That is a far cry from 1980 when Minneapolis Star & Tribune Co., which then owned Harper's, decided to shut the magazine because it was losing so much money. Mr. MacArthur, then a reporter at The Chicago Sun-Times, went to his father, J. Roderick MacArthur, and asked him to persuade the board of the family's foundation to finance a rescue.

As a result, the Harper's Magazine Foundation was set up to acquire the magazine with a \$3 million investment — half of it from the John D. and Catherine MacArthur Foundation and half from the Atlantic Richfield Foundation. The magazine was able to continue publishing without missing an issue.

Mr. Lapham, who had been the editor since 1976, was dismissed by the board in 1981 and brought back by Mr. MacArthur in 1983.

Determined to live up to the fusty periodical, which calls itself the oldest continuously published monthly, Mr. Lapham and Mr. MacArthur then introduced the highly successful Harper's Index, a pookish compilation of odd facts and statistics. (Samples: Number of the 28 millionaires in the U.S. Senate who are Democrats: 21. Amount the Department of Defense will spend on softballs this year: \$1 million.)

Another section introduced at the time was Readings, a selection of essays, letters, memos and writings from other publications. Com-

pilations of the index and two other new sections called Forum and Annotation have been published as books.

Not only did the shorter pieces turn out to appeal to the younger readers, but the quality of the longer pieces also improved sharply.

"If you only publish one or two magazine pieces an issue, you can take the best," Mr. Lapham said.

Mr. MacArthur has also pared the circulation, eliminating marginal readers. In the mid-1980s, Harper's was sending out 2.7 million direct mailings a year, a very expensive way to acquire subscribers. This year Harper's will send out only 346,000 direct mailings because longtime readers are renewing at the relatively high rate of 78 percent, Mr. MacArthur said.

David Verkin, senior vice president and corporate media director at Hal Kiney & Partners, said his ad agency analyzed circulation in detail.

"The circulation of Harper's is very clean and very pure," he said.

# Tarmac Plans Divestitures

LONDON — Tarmac PLC, one of many British builders hard-hit by the recession, announced Tuesday a £15.1 million (\$26 million) first-half loss and said it would shrink some of its businesses to bolster its capital position.

The chief executive, Neville Simms, said Tarmac would divest operations from its industrial products division, shrink its housing division, stop new real estate development and take steps to release capital used in its property division more rapidly.

The company said its pretax result had swung to a loss in the half after a pretax profit of £18.2 million a year earlier. Revenue fell 8.7 percent, to £1.36 billion.

(Reuters, APX)

# IMF: Camdessus Calls for Discipline

(Continued from first finance page) run to about \$400 billion. But many U.S. economists are wary of immediate attention to the debt, preferring to emphasize instead government attention to infrastructure construction, tax relief for capital investment and similar stimuli. Later, they argue, perhaps in 1994, the U.S. economy will be vibrant enough for Washington to institute stringent fiscal policies aimed at a long-term reduction in the debt.

Allen Sinai, chief economist at Boston Co. said recently: "Deficit reduction at this time, when the economy is so weak, is the wrong way to go." This is because money that would otherwise be in the hands of consumers and companies, ready to be spent, would instead go to pay off the debt.

Mr. Camdessus said Tuesday that deficit reduction would boost consumer confidence, lower inflation and lower long-term interest rates.

The White House, in the midst of a presidential campaign that finds President George Bush on the defensive, has been pushing the Federal Reserve Board to reduce rates. Also, Mr. Bush has vowed to lower, not raise, taxes.

"Any further postponement of fiscal retrenchment out of concern for possible short-term effects on activity would contribute to a worse environment rather than a better one," Mr. Camdessus argued.

Fiscal austerity has already taken hold to some extent in Italy, and Germany has maintained high interest rates to prevent a surge of inflation as the country pays the huge cost of unification. The gap in interest rates between Germany and the United States has caused turmoil in currency markets.

Mr. Camdessus, however, defended the European Monetary System, saying it had improved overall exchange rate stability, and he urged Europe to redouble efforts at monetary cooperation.

# NASDAQ

Tuesday's Prices  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the NYSE consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

10	20	30	40	50	60	70	80	90	100	110	120	130	140	150	160	170	180	190	200
10	20	30	40	50	60	70	80	90	100	110	120	130	140	150	160	170	180	190	200

210	220	230	240	250	260	270	280	290	300	310	320	330	340	350	360	370	380	390	400
210	220	230	240	250	260	270	280	290	300	310	320	330	340	350	360	370	380	390	400

410	420	430	440	450	460	470	480	490	500	510	520	530	540	550	560	570	580	590	600
410	420	430	440	450	460	470	480	490	500	510	520	530	540	550	560	570	580	590	600

610	620	630	640	650	660	670	680	690	700	710	720	730	740	750	760	770	780	790	800
610	620	630	640	650	660	670	680	690	700	710	720	730	740	750	760	770	780	790	800

810	820	830	840	850	860	870	880	890	900	910	920	930	940	950	960	970	980	990	1000
810	820	830	840	850	860	870	880	890	900	910	920	930	940	950	960	970	980	990	1000

1010	1020	1030	1040	1050	1060	1070	1080	1090	1100	1110	1120	1130	1140	1150	1160	1170	1180	1190	1200
1010	1020	1030	1040	1050	1060	1070	1080	1090	1100	1110	1120	1130	1140	1150	1160	1170	1180	1190	1200

# NYSE

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Low	High	Open	Close	Change
IBM	110.00	111.00	110.50	110.75	+0.25
Microsoft	45.00	46.00	45.50	45.75	+0.25
Apple	40.00	41.00	40.50	40.75	+0.25
Oracle	35.00	36.00	35.50	35.75	+0.25
Novell	30.00	31.00	30.50	30.75	+0.25
Lotus	25.00	26.00	25.50	25.75	+0.25
McAfee	20.00	21.00	20.50	20.75	+0.25
Intuit	15.00	16.00	15.50	15.75	+0.25
Visa	10.00	11.00	10.50	10.75	+0.25
MasterCard	9.00	10.00	9.50	9.75	+0.25

Stock	Low	High	Open	Close	Change
AT&T	45.00	46.00	45.50	45.75	+0.25
Amgen	40.00	41.00	40.50	40.75	+0.25
Amgen	35.00	36.00	35.50	35.75	+0.25
Amgen	30.00	31.00	30.50	30.75	+0.25
Amgen	25.00	26.00	25.50	25.75	+0.25
Amgen	20.00	21.00	20.50	20.75	+0.25
Amgen	15.00	16.00	15.50	15.75	+0.25
Amgen	10.00	11.00	10.50	10.75	+0.25
Amgen	9.00	10.00	9.50	9.75	+0.25

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Amgen	45.00	46.00	45.50	45.75	+0.25
Amgen	40.00	41.00	40.50	40.75	+0.25
Amgen	35.00	36.00	35.50	35.75	+0.25
Amgen	30.00	31.00	30.50	30.75	+0.25
Amgen	25.00	26.00	25.50	25.75	+0.25
Amgen	20.00	21.00	20.50	20.75	+0.25
Amgen	15.00	16.00	15.50	15.75	+0.25
Amgen	10.00	11.00	10.50	10.75	+0.25
Amgen	9.00	10.00	9.50	9.75	+0.25

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Amgen	25.00	26.00	25.50	25.75	+0.25
Amgen	20.00	21.00	20.50	20.75	+0.25
Amgen	15.00	16.00	15.50	15.75	+0.25
Amgen	10.00	11.00	10.50	10.75	+0.25
Amgen	9.00	10.00	9.50	9.75	+0.25

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Stock	Low	High	Open	Close	Change
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Amgen	40.00	41.00	40.50	40.75	+0.25
Amgen	35.00	36.00	35.50	35.75	+0.25
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Amgen	15.00	16.00	15.50	15.75	+0.25
Amgen	10.00	11.00	10.50	10.75	+0.25
Amgen	9.00	10.00	9.50	9.75	+0.25

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Société d'Investissement à Capital Variable  
R.C. B 34 296  
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**AVIS DE CONVOCATION**

Avis est donné par les présents qu'une Assemblée Générale Extraordinaire des actionnaires de ARIANE sera tenue au siège social à Luxembourg, 20 Boulevard Emmanuel Servais le 2 octobre 1992 à 11 h 30 avec l'ordre du jour suivant:

Décision de modifier la dénomination de la Société d'Investissement à Capital Variable de "ARIANE" en "VICTOIRE ARIANE" et d'adapter l'article 1 des statuts en conséquence de cette modification.

Pour que l'Assemblée puisse valablement délibérer sur l'ordre du jour, un quorum de 50% des actions en circulation est requis. Les décisions à cet égard devront être votées par une majorité de 2/3 des actions présentes ou représentées.

Les procurations sont disponibles au siège social et seront envoyées aux actionnaires sur demande.

Afin d'être valable, les procurations doivent être signées par les actionnaires devant être envoyées au siège social afin d'être reçues le jour ouvrable précédant l'Assemblée à 17 heures au plus tard.

Le Conseil d'Administration

**CITICRENCIES**  
49, Bd Prince Henri, L-1724 Luxembourg

**NOTICE TO ALL UNITHOLDERS**

Effective October 15th, 1992, Citicrencias (a mutual fund established under Luxembourg law) will have its registered status changed to UCITS to fully comply with the ECU Directive 85/611. Thereafter the Fund will invest in transferable securities with low volatility, minimal credit risk and high marketability. Investments will mainly consist of bonds with variable interest (floating), bond with a remaining life of less than 2 years as well as treasury bills, issued by first class borrowers or guaranteed by first class guarantors. In addition the Fund may hold ancillary liquid assets (including any regularly negotiated money market instruments with residual maturities of less than 12 months, cash and cash equivalents). Effective the same date, an additional sub-fund, the Citicrencias ECU Portfolio will be launched and the Citicrencias AUD Portfolio will be dissolved. Articles 1, 2, 3, 4, 5, 6, 7, 8, 11, 15 & 16 of the Management Regulations will be amended accordingly.

Citicrencias S.A.

سكنا من الامم

# Tough Transition for China Trade Talks With U.S. Only the Beginning

By James Sterngold  
New York Times Service

BEIJING — As the United States and China prepare for what are likely to be nonstop negotiations to conclude a trade pact by Oct. 10, economists and government officials say this is only the beginning of years of tough talks for China as its trading partners demand that it open its protected economy.

Now that China has emerged from decades of near isolation to become a trading power, the United States is demanding a huge apparatus of protection for its industries, most of it informal and all-but-impossible to outsiders.

In a sign of how difficult and bitter these negotiations could become, a government official was quoted Sunday as saying that U.S. trade demands might force China to cancel a recent \$130 million agreement to purchase American automobiles.

The China Daily said in a front-page article that trade officials in Beijing were uncertain whether they would go through with what would be the largest Chinese acquisition of American-made cars. The deal was with General Motors Corp., Ford Motor Co. and Chrysler Corp. Earlier, Chinese newspapers quoted officials as saying China might halt purchases of American wheat.

The battling, observers and officials said, is really over the fundamental character of the Chinese economy — a process that is not very different from the trade clashes Washington has had with Japan and other Asian countries.

Besides the United States, Japan, South Korea and the European Community have at various times filed trade charges against China, complaining that it was dumping products on foreign markets at unfairly low prices.

China has tried in the last decade to transform its socialist economy from within, at its own pace. Now it is under pressure from outside to speed up the process and to adopt the West's rules.

"Nobody thinks that even if the Chinese agreed to everything being demanded here that this would be the end," said Nicholas R. Lardy, a professor at the University of Washington and an expert on the Chinese economy. "There are a series of problems."

Clyde Prestowitz, a former U.S. trade official and now president of the Economic Strategy Insti-

tute in Washington, said: "This is just the opening shot. Now that the Cold War is gone, there's less reason for the United States to hold back. They will push this to the limit."

Some Chinese officials acknowledge that beyond the current demand for broad reductions in tariffs to imports, a number of other issues remain, such as the removal of barriers against specific products and elimination of various price subsidies.

When U.S. negotiators announced on Aug. 21 a list of \$3.9 billion of imports from China that could be hit with punitive tariffs if a deal was not reached by the Oct. 10 deadline set by Washington, China replied with a threat to place tariffs on American products.

Adding to the tension is President George Bush's recent decision to sell 150 F-16 jet fighters to Taiwan, which China views as a rebel province.

Each of China's tough responses in the negotiation process has underscored the potential that the trade demands have for creating strains between Beijing and Washington.

China has a great deal at stake. In the span of a decade, it has gone from a relative economic hermit to a global trading power. Trade now accounts for more than 32 percent of the swiftly expanding Chinese economy, compared with 9.9 percent in 1978, and it is expected to import and export \$165 billion worth of goods this year.

What has brought Washington's ire is that China's trade surplus with the United States has soared. It was \$12.7 billion last year and is expected to be as much as \$19 billion this year.

Foreign products are increasingly finding their way into Chinese department stores or into industrial plants. But those are usually in carefully selected industries that the Chinese feel they can open without harming essential domestic industries, observers said.

Mr. Lardy said one of the greatest problems China faced in making broader changes was that it tended to use administrative and other informal barriers to imports rather than tariffs. Most imports, in other words, are blocked by bureaucratic decree. Not only are those decrees difficult to reverse, but once they are removed China will have no rational system in place to exercise control over its trade.

# Jardine Net Up 12.4% But Japan Trade Weak

Compiled by Our Staff From Dispatches

HONG KONG — Jardine Matheson Holdings Ltd. said Tuesday that profit in the first half of its financial year rose more than 12 percent, but analysts said the results would have been even better had it not been for the weak Japanese economy.

The conglomerate, which keeps its books in U.S. dollars, said after-tax profit rose 12.4 percent, to \$151.8 million, in the six months ended June 30 from a year earlier.

The earnings would have been more impressive but for the slump in prices and turnover on the Tokyo stock market this year and a fall-off in Japanese demand for liquor as corporate entertaining budgets got slashed, analysts said.

Jardine Matheson's shares fell Tuesday in Hong Kong by 50 cents, to 52.50 Hong Kong dollars (\$6.79). The earnings were released after the stock market had closed.

"Their wines and spirits business in Japan had a very weak first half with profits down an estimated 30 percent," said Ravi Narain, the Perpetual Investments research director.

Some analysts said the conglomerate's diversity helped it weather downturns in several sectors but also made its stock unexciting.

"The diversity is holding them back a little with one or two of their businesses not firing on all cylinders," said Clive Weedon, head of research at Nomura Research Institute Hong Kong.

But analysts remained optimistic about the company's prospects.

"The long-term prospects remain encouraging with double-digit growth in profits in 1993 expected," said Mr. Narain.

Chairman Henry Keswick said that the group was fortunate to have its business largely concentrated in the Asia-Pacific region which remains the most dynamic area of the world in marked contrast to the recessionary economies in Europe and the United States.

Mr. Keswick said this geographical advantage, combined with the strength of Jardine's balance sheet, gave the board confidence a satisfactory result will be achieved for all of 1992 and that the long-term prospects are as "encouraging as ever."

Group sales in the first half rose 12.7 percent, to \$3.81 billion. Jardine raised its first-half dividend to 3.70 cents a share from 3.40 a year earlier. (Bloomberg, AP)

# Japanese Growth Slows to a Crawl

Compiled by Our Staff From Dispatches

TOKYO — Japan's slumping economy, shackled by bulging inventories and falling consumer and corporate spending, expanded only 0.3 percent from April through June, the government announced Tuesday.

The spring quarter figures translate to a 1.1 percent growth rate in annual terms.

The government said the economy, which has been slowing for over a year, had hit bottom in the quarter, but private economists said the recovery would be very gradual.

In any case, the report on gross national product gave signs that the domestic end of the economy is far from picking itself up. All of the 0.3 percent growth was generated by external demand, represented by net exports, which grew 19.7 percent from the previous quarter.

By contrast, growth in domestic demand was zero, the Economic Planning Agency reported.

The government hopes that two economic stimulus packages — one announced in March and the other last month — will push growth to its 3.5 percent target for the fiscal year ending March 31, 1993.

But analysts expressed skepticism that the ambitious growth figure would be reached. Private economists cited nagging inventory surpluses that have resisted attempts by producers to thin them as a heavy brake on the economy. Stagnant consumer demand has forced manufacturers to look abroad for markets to help relieve the stockpiles.

The quarterly report also noted personal spending, a leading contributor to GNP, remained virtually flat for the first time in six quarters.

In another report Tuesday that showed that trend persisting, the government said spending by Japanese households was unchanged in inflation-adjusted terms in July from July 1991.

All signs point to more of the same worries in the July-September quarter, said Jesper Koll, senior economist at S.G. Warburg Securities (Japan). Japan's corporations underestimated the severity of the economic slump, and are paying for it with warehouses filled with goods they cannot move, he said.

"You're not going to see a sustainable pick-up in growth until the next fiscal year," said Michael Hartnett, an economist at Schroder Securities.

The GNP figures showed an expected jump in domestic public demand, analysts said, coming on the back of an emergency supplement to the national budget unveiled in March that included front-loading 75 percent of public works projects into the first half of the fiscal year.

"We are seeing the worst of the economy right now," Ms. Shima said. But, she added, "the pace of economic recovery is going to be very slow. It is too optimistic to say we are going to achieve the 3.5 percent growth target. That would be quite difficult."

Takeshi Noda, the head of the Economic Planning Agency, also said he believed the spring quarter marked the low point.

But EPA officials conceded quarter-to-quarter growth in the remaining three quarters would have to average 1.51 percent to hit the 1992-93 target, well above the spring quarter's rate. (UPI, AP, Bloomberg)

## Investor's Asia

Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	5,740.18	5,741.53	-0.01
Singapore	Straits Times	1,329.81	1,337.57	-0.58
Sydney	All Ordinaries	1,520.80	1,531.80	-0.71
Tokyo	Nikkei 225	18,282.72	18,066.24	+1.20
Kuala Lumpur	Composite	588.32	587.99	+0.06
Bangkok	SET	863.42	868.75	-0.61
Seoul	Composite Stock	519.16	521.54	-0.46
Taipei	Weighted Price	3,524.75	3,481.90	+1.23
Manila	Composite	1,296.15	1,410.64	-1.03
Jakarta	Stock Index	295.60	295.18	+0.14
New Zealand	NZSE-40	1,473.14	1,475.34	-0.15
Bombay	National Index	1,477.42	1,468.00	+0.64

Sources: Reuters, AFP International Herald Tribune

## Very briefly:

- Toshiba Corp. of Japan said it would start exporting the world's smallest handheld portable telephone to North America this month, followed by other markets including Latin America and Taiwan.
- Compaq Computer Corp., a major U.S. computer maker, will sell 30 types of personal computers in Japan next month for about half the price of most Japanese computers, the Nihon Keizai newspaper reported.
- Sanyo Kokusaku Pulp Co., Japan's fifth-largest domestic paper producer, has signed an agreement with the National Cancer Institute of the United States to develop an anti-AIDS drug.
- Nippon Television Network, a leading Japanese television company, in revised earnings estimates, said it now expected current profit to fall 29 percent, to 5.6 billion yen (\$450 million), in the half year to Sept. 30.
- Alan Greenspan, chairman of the Federal Reserve Board, will visit Japan next month as guest of Yasushi Mieno, Bank of Japan governor.
- Singapore banks have announced a new round of prime rate cuts to stimulate demand for loans, taking rates to 5 to 5.25 percent.
- Pacific Dunlop Ltd., a rubber and industrial-products maker based in Australia, is joining the bidding for the New Zealand group Wattle Foods Ltd., being sold by the Australian-based Goodman Fielder Wattle Ltd.
- South Korean investors, upset by a further plunge in the shaky stock market, demonstrated their anger with the government by throwing thousands of share slips into the streets of central Seoul. (AFP, Bloomberg, APX, Reuters)

## Siemens Forms Venture in China

ERLANGEN, Germany — Siemens AG, the German electrical engineering company, said Tuesday that it had formed a joint venture in China to make and sell computerized tomography systems used to provide an inside view of the body. Siemens is to own 51 percent of Siemens Shanghai Medical Equipment Ltd., Shanghai Medical Equipment Works will own 39 percent and China National Corp. of Medical Equipment Industry, 10 percent. Siemens estimated there were 20,000 of the systems installed worldwide and annual replacement demand of 3,000. The Shanghai venture's goal is to produce 25 this year, rising to 60 annually beginning in 1993.

# Indian Broker Released From Jail

Compiled by Our Staff From Dispatches

NEW DELHI — Harshad Mehta, the broker at the center of India's \$1.2 billion financial scandal was released on a court order Tuesday after spending 110 days in prison.

Mr. Mehta walked out of the Bombay High Court, where he had been brought after serving time in the city's Bhamini Jail, the Press Trust of India reported. Judge M. L. Dudhat took prison officials to task for holding him in violation of a court order Monday and ordered him released.

Mr. Mehta was arrested by the Central Bureau of Investigation in June on allegations of being masterminded an illegal transfer of bank funds to the stock market.

The scandal, which surfaced in April, shook the

Indian banking community. Several bank executives and brokers were arrested or dismissed and two small Indian banks were liquidated. Four foreign and many other Indian banks were also implicated in the scam.

Judge Dudhat said, "Unless there is an order against Mehta in any other case, who is the jail superintendent to keep him in custody? If there is no warrant, he cannot fiddle with the court order."

In an interview published Tuesday in the Times of India, Mr. Mehta said he was being unfairly blamed for the scandal and alleged that 80 percent of trading in the securities market violated central bank regulations. He said that to trade in the market, brokers had to adopt whatever tactics were normal practice, even if they violated the rules. (AFP, Reuters, Bloomberg)

# August Car Output Plunges

Bloomberg Business News

TOKYO — Providing evidence of the weakness of Japan's economy, automakers said Tuesday that August had marked their steepest year-on-year decline in production since 1974.

Analysts said they do not expect vehicle output to rebound until mid-1993, when an economic recovery should be under way.

The Japan Automobile Manufacturers Association said output of cars, buses and trucks fell 12.7 percent, to 790,678 vehicles in August.

"The underlying factor is the poor state of the economy," said a spokesman for the association. "Domestic sales are down, leaving automakers no choice but to lower production, too."

With the exception of June, when production rose 1.1 percent, Japan's vehicle output this year has consistently fallen below 1991 figures. For the first eight months of 1992, vehicle output totaled 8.28 million units, down 5.0 percent from the year-earlier period.

Preliminary figures gathered by the association show that domestic vehicle sales fell 15.3 percent on the year in August, to 382,320 for the 16th consecutive year-on-year decline.

# China to Add Regulator

Reuters

HONG KONG — The People's Bank of China will give up its role as overseer of the two stock exchanges by year-end in favor of a Western-style national regulatory body, a central bank official announced Tuesday.

The independent Securities Regulation and Supervision Committee will be set up in Beijing this year, said Jin Jiandong, finance administration director at the People's Bank.

The People's Bank must give up its authority to regulate stock markets because of conflicts of interest and a "lack of competent advice" from its securities overseers, Mr. Jin said in Hong Kong at a conference on China's equity markets.

China is trying to streamline its fledgling capital markets by decentralizing and standardizing the haphazard process of listing stocks and by improving disclosure rules, Mr. Jin said.

The exchanges in Shenzhen and Shanghai are forming local regulating committees to coordinate applications for public offerings. These must be approved by municipal and exchange officials before approval can be sought from the new state-level committee, Mr. Jin said.

The two exchanges opened officially only in the past two years and have seen frequent turmoil.

# LIST: Hong Kong vs. Wall Street

(Continued from first finance page)

the authorities that this is a success," he said.

The First Boston prospectus, which was prepared with the help of the Arthur Andersen accounting firm, shows a picture little different from the companies offered in Shenzhen and Shanghai that have been weaned off of China's anti-Western accounting practices.

Shenyang JinBei itself is only nine months old, having been reconstituted in January as a joint venture with companies from Hong Kong and the Hainan special economic zone. It inherited the mini-business manufacturing and sales business conducted since 1975 by JinBei Automobile Shareholding Co., a division of one of China's largest industrial enterprises.

Last year, the company, which has assets valued by Arthur Andersen at \$160 million, produced nearly 42,000 deluxe minibuses assembled from kits purchased from Toyota Motor Corp. and standard minibuses manufactured domestically. With the estimated \$67.7 million expected to be raised from the offering, the company hopes to expand its factories to boost output to a total of 35,500 by 1995.

But that will depend on such variable factors as the company's ability to boost the amount of domestic content in its products, exchange rates, and political stability in China.

The announcement of the listing comes at a time when China's stock markets are struggling to overcome serious growing pains. After an initial flush of enthusiasm in which more than \$1.2 billion was plowed into China-oriented mutual funds,

foreign investors have steered clear of the market in recent weeks.

A rash of expensive listings in Shanghai has seen all but one of the exchange's nine B shares fall below their offering prices, while Shenzhen has been tainted by an August riot in which thousands of Chinese citizens accused officials of corruption and went on a rampage in a scramble to obtain application forms giving them the chance to participate in a lottery for new shares.

The All China Index produced by Credit Lyonnais Securities Asia fell 1.10 percent on Tuesday, to 2,408.95.

More than 100 foreign brokers and underwriters planned to meet with mainland officials in Shenzhen on Wednesday to discuss ways to improve the situation. Meanwhile, the Stock Exchange of Hong Kong is in the midst of holding an 11-day seminar in Beijing covering virtually every aspect of equity trading.

# Shanghai Rights Issue Is Put on Ice

Reuters

HONG KONG — The first rights issue involving foreign investors in China's infant stock market is unlikely to go ahead this year because of market uncertainty, a Hong Kong-based merchant banker said on Tuesday.

Foreign and Chinese shareholders in the television components maker Shanghai Vacuum Electron Device Co. had been due to vote Wednesday on whether to approve the issue. But the meeting was postponed after overseas investors complained that the company had not revealed the issue's terms.

Lawrence Ang, associate director at SBCI Finance Asia, said the market's wild swings meant local securities companies would be reluctant to underwrite the issue if the price was fixed now.

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# SPORTS BASEBALL

## Eckersley Gets His 50th Save As A's Boost Lead to 9 Games

*The Associated Press*  
The Oakland Athletics keep on piling up the numbers along with the victories.  
Mark McGwire, with his 40th home run of the season, and Dennis Eckersley, with his 50th save, helped the Athletics move a step closer to their fourth American League West title in five years with a 6-5 victory over the White Sox on Monday night in Chicago.

Rickey Henderson homered on a 3-1 pitch off Alex Fernandez for a quick 1-0 lead, raising to 55 his major league record for leading off the first inning with a homer.  
Eckersley pitched the ninth for his 50th save in 57 tries, becoming the second reliever to save 50 games in a season. The other was Chicago's Bobby Thigpen, who set the mark of 57 in 1990.

Eckersley also tied former Kansas City relief ace Dan Quisenberry's American League career record for saves with 238.  
"This is not just another night for me," Eckersley said. "I know the significance. At the start of the year, you think about 50 saves, and you hope to get 50 opportunities. And if you're not with a good club, you're not going to get 50 opportunities."

The victory, the Athletics' 12th in 13 games, extended their lead over second-place Minnesota to nine games and reduced their magic number to four.

McGwire's two-run homer in the third inning broke a 2-2 tie. McGwire, who hit 49 homers as a rookie in 1987, put Oakland ahead to stay when he followed a walk to Harold Baines with a long drive into the left-field stands. His 40th homer tied Juan Gonzalez of the Texas Rangers for the major-league lead, although McGwire did not

### BASEBALL ROUNDUP

play for three weeks because of injuries.  
"It seems we've been playing good baseball," McGwire said. "It hasn't been exciting, but we win. Like anything, winning is contagious and I hope we keep going."

**Orioles 4, Brewers 1:** In Milwaukee, Mike Mussina won his sixth straight decision and Mike Devereaux reached the 100-RBI mark with a three-run double as Baltimore salvaged the finale of a four-game series.  
Milwaukee, which won the first three games of the series to move past Baltimore into second place, fell 4½ games behind the Toronto in the AL East. The Brewers have 12 games to go, all against AL West teams.

Third-place Baltimore, which plays the Blue Jays three straight beginning Tuesday night, moved within five games of the top. The Orioles have 13 games left. Devereaux broke a 1-1 tie in the

fifth with a bases-clearing double off Bill Wegman, while Mussina gave up seven hits and now has allowed just four runs in his last five games.

**Royals 3, Mariners 0:** Luis Aquino, Bill Sampen and Jeff Montgomery held Seattle to four hits in Kansas City as the Mariners lost for the 16th time in 17 games.

The Royals' George Brett, needing 11 hits to reach 3,000 for his career, went 0 for 4 against Dave Fleming, who lost his sixth straight despite pitching an eight-hitter.

**Tigers 6, Red Sox 5:** Pinch-hitter Dan Gladden's single in the 10th scored Skeeter Barnes as Detroit beat visiting Boston.

**Pirates 3, Cardinals 0:** In a National League game in Pittsburgh, Don Slaught homered, and rookie left-hander Steve Cooke pitched seven innings of three-hit shutout relief after starter Bob Walk injured himself as the Pirates moved closer to a third straight NL East title.

Walk and Cooke turned in the Pirates' 18th shutout of the season — second-high in the majors to Atlanta's 21 — and Pittsburgh won its 13th in a row over St. Louis. The Pirates lowered their magic number for winning another division title to six.

**Phillies 9, Expos 2:** Darren Daulton hit a grand slam and John Kruk drove in three runs as visiting Philadelphia handed Montreal its third straight loss, dropping the Expos seven games behind the Pirates.

**Cubs 10, Mets 1:** Andre Dawson got his 2,500th hit and Greg Maddux matched a career high with his 19th victory as Chicago won easily in New York.

Dawson became the 69th major league pitcher to get 2,500 hits. He needs two more home runs to reach 400.

**Braves 4, Dodgers 2:** David Justice hit a two-run homer in the ninth in Los Angeles after Atlanta had scored two runs on wild pitches by Orel Hersheiser as the Braves reduced their magic number to six for clinching the NL West.

**Giants 7, Padres 1:** Rookie Craig Collet hit a two-run homer, his first in the major leagues, during a four-run sixth that gave San Francisco a victory in San Diego.



Phil Simms, caught by Alonzo Spellman in the fourth quarter, had already passed the Bears dizzy.

## Giants, in 27-14 Victory Over Bears, Learn Best Defense Is No Defense

*The Associated Press*  
CHICAGO — The New York Giants finally found a remedy for the leaky defense that gave up the most points in the National Football League in the season's first two weeks.  
With Phil Simms throwing for 220 yards and two touchdowns and Stephen Baker catching seven passes for 109 yards, the Giants reverted to the ball control formula that won them a Super Bowl just two seasons ago and beat the Chicago Bears, 27-14, Monday night for their first victory this season.

After trailing by 7-0 and 14-7, the Giants had led the game at 14 by halftime, then controlled the ball for 12:17 in the third quarter as they outgained the Bears, 155-3, in that period.  
New York finished with 172 yards rushing and held the ball for 38 minutes, 14 seconds to 21:46 for the Bears. Simms credited the of-

fensive line — basically the same unit that helped the Giants hold the ball for 40 minutes in the 1991 Super Bowl.

"I was never so proud of a group in my life," Simms said. "Running, pass protection, it was a really great effort. Even when they knew we were going to run, we were able to pick up yards."

The Giants broke the halftime tie by taking the kickoff and driving 80 yards, with Simms' 13-yard pass to Baker giving them the lead in a game for the first time this season. They added 31- and 32-yard field goals by Matt Bahr, the second set up by Dave Meggett's 39-yard punt return.

Simms, who finished 19 for 30, also threw a 15-yard TD pass to Howard Cross in the first period. Rodney Hampton, who gained 94 yards in 22 carries, scored in the second period on a one-yard run as the Giants won in Chicago for the

first time since 1962. They had lost six times during that period.  
"We had our butt kicked in every area," said the Bears' coach, Mike Ditka. "It's been a long time when I felt any worse about the way we played football than the way we played tonight."

For the Bears, it was the second straight loss after an opening-day victory.

"We played one half of football just like we did last week," said Ditka, whose team led by 6-0 at intermission in New Orleans and lost, 28-6. "In two weeks we've played a total of one full game. That won't get it done."

The weird first half featured three fumbles by the Bears that they recovered themselves, a botched fake punt by Chicago, an interception of a pass by Chicago running back Brad Muster and a short fight that led to the ejection of Mark Ingram, a wide receiver for the Giants.

## NBA Player Marciulionis Breaks Leg in Lithuania

*Compiled by Our Staff From Dispatches*  
MOSCOW — Sarunas Marciulionis, the Lithuanian basketball star who has become one of the best sixth-men in the National Basketball Association, has broken a leg and will not be able to play for the Golden State Warriors until the end of the year.

Marciulionis, 27, who was instrumental in the Lithuania national team's winning the bronze medal at the Barcelona Olympics, and was among the four Lithuanians who helped the Soviet team win the gold medal in 1988 in Seoul, reportedly fell down a flight of steps leading to a locker room at the arena in Vilnius.

He was in the Lithuanian capital for an exhibition game to inaugurate a basketball school for 250 children, which he financed. According to the newspaper Sport Express, doctors told Marciulionis he will have to keep the leg in a cast for at least two months and would be unable to play again until December at the earliest.

Marciulionis was to return Tuesday to the United States for medical treatment.  
"I hope the American doctors can get me back on my feet quicker," he told Sport Express.  
Last year, on another trip home, Marciulionis injured a leg when he banged into a hump of concrete on a lake shore. (AFP, Reuters)

### SIDELINES

#### NHL Inducts 7 Into Hall of Fame

TORONTO (AP) — The Hockey Hall of Fame has inducted Bob Gainey, Marcel Dionne and Lanny McDonald in the players' category, along with four other new members of the Hall.

Keith Allen, the late Bob Johnson and Frank Mathers joined in the builders' category Monday, while Woody Dumart became the newest member of the veteran players category and Jim Robson joined in the broadcasters' section.

Gainey, with the Montreal Canadiens, won four straight Selke Awards as the league's best defensive forward. Dionne, the third-highest scorer in league history with 731 goals and 1,040 assists, played most of his 18 years with the Los Angeles Kings. McDonald, a star with the Toronto Maple Leafs, scored 500 goals and collected 1,006 points in 1,111 games.

#### For the Record

Jahangir Khan, the greatest squash player of all time, announced at the World Open championship in Johannesburg that he is retiring at the end of the season. The 28-year-old Pakistani has won the world crown six times.

Walter Killeb, the baseball team's pitching coach at Arizona State, the school where in the last year a dozen athletes have been charged with crimes in 14 incidents ranging from fraud to a shooting, was placed on administrative leave after being arrested for allegedly trying to steal from a luxury resort hotel.

Johnny Majors returned coaching the undefeated football team at Tennessee after heart bypass surgery last month.

Tramonti, a 3-year-old who had made all five previous career starts in France, won the Lucky Lucky Handicap for fillies and mares by six lengths at Belmont Park.

Toad Phlox, who took over as quarterback of the NFL Cleveland Browns when starter Bernie Kosar was hurt, has a broken right thumb and will be out indefinitely.

Beggie Reubert, a wide receiver for the Cincinnati Bengals, has been ordered by the NFL to undergo medical evaluation for drug or alcohol abuse.

## '93 European PGA Tour Expanded

*Agence France-Press*  
WENTWORTH, England — The European professional golf tour will span the entire 12 months of 1993 and may include a major tournament in South Africa in January, organizers said Tuesday in announcing part of the schedule.

The tour will tee off with the Madeira Island Open starting Jan. 14 and close with the World Championship starting Dec. 16.

The Madeira Island Open is one of two new events; the other, the ProSevier Tour Italy in March, will replace the Volvo Open held for the last four years in Florence.

There are still six open weeks, but the Jan. 21-24 slot is expected to be filled by a tournament in Durban, South Africa. It was to be included on the calendar announced Tuesday, but the contracts have yet to be signed.

Other non-European countries to be visited by the tour include Dubai, Jan. 28-31, and Singapore, the following week. The rest of the tour's sites are to be announced Nov. 1 at the Volvo Masters in Valderrama, Spain.

### BOOKS

#### TRICK OF THE EYE

By Jane Stanton Hitchcock. 275 pages. \$19  
E. P. Dutton, 375 Hudson Street, New York, New York 10014

Reviewed by Michiko Kakutani

A NEW THRILLER, "Trick of the Eye," by the playwright Jane Stanton Hitchcock, is peopled with characters in need of a shrink. None of the characters in this novel is capable of feeling. None has the ability to sustain an emotional relationship. Each has found unique ways of sublimating his or her passions.  
At 39, Hitchcock's heroine, a painter named Faith Crowell, has given up trying to connect to men. Since a bad love affair ended 12 years ago, she has led a solitary life focused on her work. "The key to appreciating life," she thinks, is imagination. She depicts little of other people and spends most of her evenings alone, talking to her cat.  
Faith's former boyfriend, John Noland, who resurfaces in her life after more than a decade, is a writer, versed in the practice of detachment; cold, surly and manipulative, he flees intimacy through work, travel and small, calculated acts of cruelty.  
Faith's best friend, Harry Pitt, an aging art connoisseur, has also had a hard time on the romantic front. His relationships with men have been confined to "a

series of brief encounters, of secret liaisons, of background wives and families, of infidelity and abandonment." Nowadays, Harry leads a quiet life, taking pleasure in art, good food and the company of his dog.

Faith's new employer, Frances Griffin, who has hired her to create a trompe l'oeil mural, is a notoriously reclusive heiress who seems more attached to possessions than people. "After a while, the stories and the famous people all began to sound alike," Faith says of her new boss. "She seemed only remotely connected to them, as if she'd been witness to a huge peasant that had passed in front of her without stopping. She rarely mentioned her husband or her daughter. I got the feeling she'd had countless acquaintances and very few friends."

Some 15 years ago, it seems, Mrs. Griffin's daughter, Cassandra, was murdered in her bedroom; the murderer was never found. Now, in memory of her daughter, Mrs. Griffin wants Faith to paint the ballroom where Cassandra's debutante party was held.  
Mrs. Griffin dwells, rather strangely, on the resemblance she sees between Faith and Cassandra, and she admits to having had Faith followed during her first days at work. Faith wonders why Mrs. Griffin chose her to paint the ballroom. She soon has the uncomfortable feeling that she is a pawn in an elaborate drama being staged by her patron.

Although the plot of "Trick of the Eye" possesses enough twisty surprises

and Gothic overtones to engage the reader's attention, the writing vacillates between the merely servicable and the embarrassingly bad. Descriptions tend to be collections of clichés — with lots of attention to fancy brand names — the characters speak in exclamations and portentous announcements.  
"I'm not an evil woman," says Mrs. Griffin. Later, she will "shriek" and "scream" a variety of other remarks. Faith speaks of becoming Cassandra's

"avenging angel." And her former boyfriend, John, declares in the middle of a fight that he is a "great writer." "People all over are finally recognizing just how great I am," he says. "I don't care what you think."  
Certainly Hitchcock hasn't made similar claims for herself in this book. It's a good thing she hasn't.

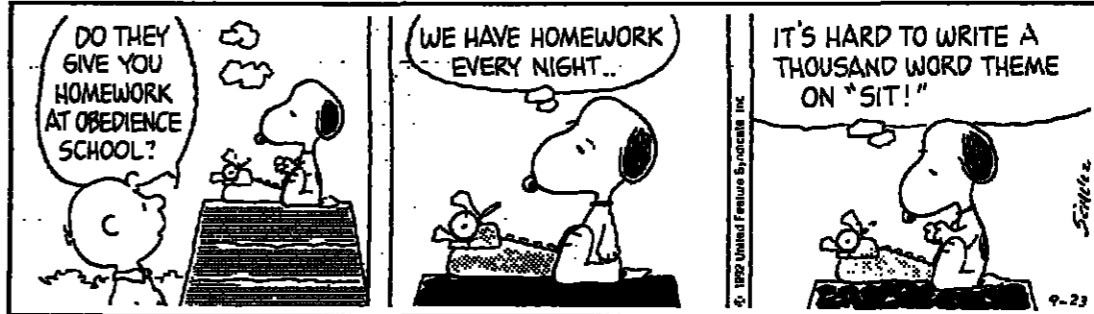
Michiko Kakutani is on the staff of the New York Times.

### BEST SELLERS

The New York Times  
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Week	Title	Author	Last Week	Weeks on List
1	WHERE IS JOE MERCHANT?	by Jimmy Buffet	5	4
2	THE PELICAN BRIEF	by John Grisham	2	28
3	GERALD'S GAME	by Stephen King	1	10
4	WAITING TO EXHALE	by Terry McMillan	3	17
5	THE VOLCANO LOVER	by Susan Sontag	4	4
6	ALL THAT REMAINS	by Patricia D. Cornwell	6	4
7	THE BRIDGES OF MADISON COUNTY	by Robert James Waller	12	6
8	SWEET LIAR	by Jade Deveraux	7	4
9	NIGHT OF THE HAWK	by Dale Brown	8	4
10	THE SECRET HISTORY	by Donna Tartt	1	10
11	COLONY	by Anne Rivers Siddons	9	10
12	FATHERLAND	by Robert Harris	10	11
13	TANGLED VINES	by Janet Delley	14	2
14	BEFORE AND AFTER	by Rosellen Brown	1	1
15	POSSESSING THE SECRET OF JOY	by Alice Walker	11	14
1	NONFICTION			
1	EVERY LIVING THING	by James Herriot	1	3
2	THE SILENT PASSAGE	by Gail Sheehy	2	17
3	TRUMAN	by David McCullough	3	14
4	THE LAST TSAR	by Edward Radzinsky	4	7
5	EARTH IN THE BALANCE	by Al Gore	5	15
6	THE WAY THINGS OUGHT TO BE	by Lewis Mumford	6	1
7	THE WOMEN WHO RUN WITH THE WOLVES	by Clarissa Pinkola Estés	7	6
8	DIANA: HER TRUE STORY	by Andrew Morton	6	12
9	YOUNG MEN & FIRE	by Norman Maclean	8	3
10	MARLYN: THE LAST TAKE	by Peter Freny	9	5
11	CARE OF THE SOUL	by Thomas Moore	1	1
12	UP IN THE OLD HOTEL	by Joseph Mitchell	1	1
13	REVOLUTION FROM WITHIN	by Gloria Steinem	13	34
14	SAM WALTON: MADE IN AMERICA	by Sam Walton with Ozul Elzer	10	13
15	LINCOLN AT GETTYSBURG	by Gary Wills	12	10
	ADVICE, HOW-TO AND MISCELLANEOUS			
1	MORE WEALTH WITHOUT RISK	by Charles J. Givens	1	41
2	A RETURN TO LOVE	by Madeline Willingham	2	31
3	LIFE'S LITTLE INSTRUCTION BOOK	by B. Jackson Brown Jr.	3	8
4	HOW TO SATISFY A WOMAN	by Robert M. Munsch	4	42
5	EVERY TIME	by Nana Hayden Harvey	5	42
	RED BOOK	by Harvey Keitel with Bud Strake	4	10

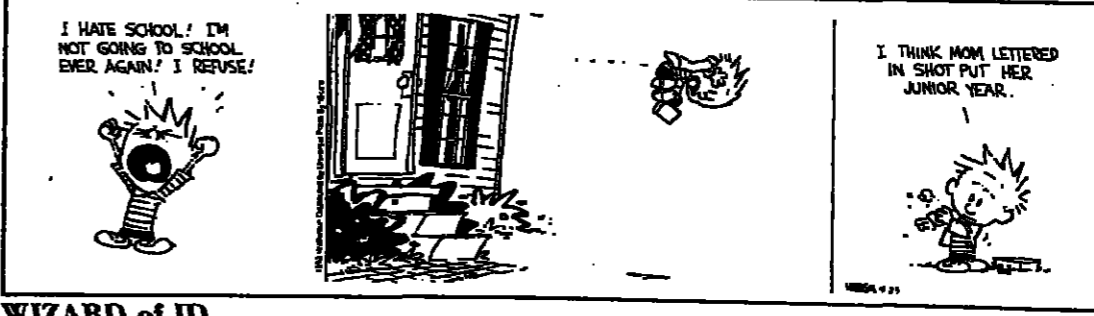
### PEANUTS



### BEEBLE BAILEY



### CALVIN AND HOBBS



### WIZARD OF ID



### REX MORGAN



### GARFIELD



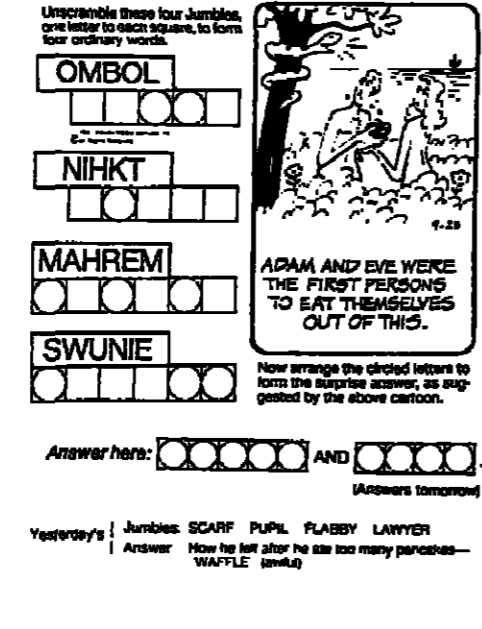
### DOONESBURY



### DENNIS THE MENACE



### JUMBLE



### BLONDIE



سكيا في الامم

سورنا من الامل

# SPORTS SOCCER

## 3 Dramas in Soccer Near the Final Acts

LONDON—“Today, I start to live again,” he said, and for better or for worse, Diego Armando Maradona was telling the truth. For 15 months, during his ban for using cocaine, he tried to deny that he needed soccer, or that it needs him.

Contaminated though Maradona became, his talent and his dependency on the game are so sure that we have no further right to deprive ourselves of the potential joy he might provide for a couple of seasons. His penance paid, the soap opera begins a final act. Five hours of mediation at FIFA House in Zurich settled his transfer from Napoli, where he could never return, to Seville, which gambles \$7.5 million to buy whatever remains left in him.

We would be blind not to have seen that beauty and beast alternate through Maradona, and foolish to suppose he will re-emerge pure. Nevertheless, I hope and believe that, in a less stellar way, he might still embroider the game as few know how.

Maradona talks of captaining Argentina's team again. That, at 32, may be beyond the trust and forgiveness even of Argentina. But let him try. Let us see if he can pay back what he owes to soccer. Let thugs and doubters not put the boot into his comeback.

The coming weeks will test our sportsmanship as well as his. Some hope! Last week, anticipating Tuesday's news, a London columnist of a so-called quality paper descended to gutter journalism to exhort any Brit who might come up against this “Argie” to stamp on his shin, break his leg.

That writer has no sense of the good as well as the bad that Maradona inspires among those who play the 20-million soccer game each year. Seville, for business as well as any altruistic reasons, has dared to bring back one of less than a handful of players who can raise a pragmatic sport toward fantasy.

Wednesday is a critical time for two others, Rudi Gullit and Paul Gascoigne. To deal with Gascoigne first, he is a man-child whose clowning masks a ferocious addiction to soccer and whose last 15 months have paralleled Maradona's in idleness.

Gascoigne nearly crippled himself by a wild tackle during the 1991 English Cup final and his right knee has been pieced together by experimental surgery. Yet Lazio of Rome paid \$9 million to buy him from Tottenham Hotspur, a gamble every bit as risky as Seville's on Maradona.

On Wednesday in Rome, Gascoigne plays his first full 90 minutes, in an exhibition match against his old Spurs pals. They will tread gently around him, but he has to know—Lazio has to know—whether the knee can stand up to a tackle.

Lazio has invested more than money. It represents an act of faith also in Gascoigne's temperament, which, to put it mildly, might clash with the refereeing structures of Italy.

Once again, my hope is with him. Gascoigne's solitary slog through two winters simply to get to the arena where he, too, comes alive has represented a dedication of gargantuan proportion.

For him, as for Maradona, the fans will roar, flout and all.

**A**LAS, TIME slips away from Gullit. The Dutchman turned 30 this month, yet instead of leading his country in a World Cup qualifying match against Norway on Wednesday, he broods in Milan.

As a man, Gullit has a humanity, a grasp of the real world, that dwarfs the combined intellects of Maradona and Gascoigne. He knows, and cares about poverty, injustice and racial intolerance.

As a performer, he ain't bad either. Seldom have we seen such a big athlete move so gracefully, so inventively, as the 6-foot, 4-inch (1.93-meter) Big Rudi. And seldom has one player pursued instinct so inspiringly.

Again, I have been lucky. I have shared hours with him, drank with him, put the world to rights with him. Yet when he announced that he was withdrawing from the Netherlands' squad for Wednesday's match in Oslo, I sensed he did what he had to do.

Holland needs every iota of talent and concentration it can muster to survive, never mind win, in Oslo. The Norwegians are young, fit and bursting with confidence after beating San Marino, 10-0.

Sure, San Marino had fielded writers and deck chair attendants. The comparison to the Netherlands, with Frank Rijkaard, Marco Van Basten and Dennis Bergkamp, does not exist. But scoring 10 goals against any team is abnormal, and the Dutch, that same night, surrendered a two-goal lead to lose to Italy, 3-2, in Eindhoven.

Gullit was a peripheral presence. His light was even dimmer than during the European Championship, where he bamboozled Scotland, paced himself badly, and became a shadow.

This man who once entered San Siro, looked up at 70,000 spectators and invited them to share his joy, now seemed trapped. Frustration betrayed him: He was booked after 70 minutes for throwing the ball at a linesman, he attempted a heroic two-footed tackle moments later, and he needed the game chasing the ball between little Italians, much like a schoolboy trying to impress with his enthusiasm and energy.

He agreed afterward that he had never known such frustration. It appeared symbolic that he had cut back his flamboyant dreadlocks, saying: “With so many doubting me, I need all the streamlining I can get.”

The haircut will do nothing for him. It is what is in the heart, and what has been taken out of a knee even more gutted than Gascoigne's. Above all, it is the ignominy of starting this season as one of Silvio Berlusconi's spare parts at Milano.

Berlusconi, the owner of more talents than any one club can field, lacks the sensitivity to go with his business brain. He has made Gullit rich beyond his needs, but fails to appreciate the ego of the performer who needs to feel wanted, loved.

Gullit is not throwing a tantrum. His withdrawal “for personal reasons” from the Dutch team is in part to ease the media attention, in the buildup to a vital World Cup match, that would detract from the Dutch unity.

It is not pure self-sacrifice. Gullit knows that the consequence of halting out is that it is unlikely he will get back in if the Dutch lose without him. But, while Berlusconi orders his silence inside Milan, the end of a Gullit era beckons.

Japan is an option, but first he will try to prove his master wrong. Of the three talents, I fear Gullit's task is the greatest.

Rob Hughes is on the staff of the Sunday Times.

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Maradona, amid autograph-seekers at the hotel in Seville, after learning that Napoli had agreed to his playing for the Spanish team.

## MARADONA: After 18 Months, the Bad Boy of Soccer Is to Play Again

(Continued from page 1) checks. Seville's president, Luis Cuervas, said his club hoped to arrange an exhibition match Monday, with Germany's Bayern Munich team, at which Maradona would take to the playing field for the first time in 18 months.

Maradona is in “very good” shape despite his 1½ years of absence from competition, Cuervas said.

In June, Maradona completed a 15-month suspension that FIFA, the world governing body of soccer, imposed after a routine post-match drug test in March 1991 showed that he had used cocaine.

But he has refused to report back to Napoli to finish the last year of his contract, claiming he has been mistreated by the Italian club.

But he may also have been swayed by his conviction in a Naples court in September 1991 on charges of possessing and using cocaine—he was given a 14-month suspended sentence—and by the ruling of another court there in May 1992 that he was the father of a child born to a former girl friend.

That court order him to pay \$4,545 a month in maintenance.

His new contract is for one year, with an option for a one-year extension, and bars Maradona from signing with an Italian club for two years, officials said.

“It is in the interest of soccer in general,” said Napoli's president, Corrado Ferdinando. He said he allowed the transfer even though he feels contracts “must be respected — period.”

FIFA will guarantee the transfer pact, its general secretary, Sepp Blatter, said.

The protocol, or transfer pact, also commits Maradona, known for his temperamental outbursts and stormy personal life, to refrain from attacks on soccer officials, including FIFA's leaders, Blatter said.

Cuervas said Maradona also is forbidden to make “offensive remarks against Italian culture.”

Blatter denied that FIFA had pressured Napoli, and spoke of an “absolutely unique case in the annals of soccer.”

“FIFA did not want to meddle by taking the case before its own tribunal,” he said. “We wanted first to use all possible means to find a correct, amicable solution.”

“FIFA played the role of mediator and arbiter from the beginning because we were convinced that two so prestigious clubs could, if they wanted, find an area of agreement.”

“It would have been a simple affair if the person involved were not Diego Armando Maradona,” Blatter said.

The Seville team reportedly started bidding at \$4.5 million but by Monday had raised that to \$6.5 million. Napoli reportedly had been asking between \$9 million and \$15 million.

Under the accord, \$3 million will be paid within a week and the rest in four installments at intervals of six months, Blatter said.

“The international soccer family has done everything for Maradona, now he must do everything to merit this,” Blatter said.

He said that Maradona must

“accept that there are rules and regulations, not only in sports, but also in public and private life.”

The fee included “all the possible debts which Maradona might have incurred with Napoli or the Italian Football Federation,” Cuervas said.

Maradona, who signed with Napoli in 1984 for a then-record \$12 million, helped the club win two league titles but was also fined more than \$50,000 dollars for insubordination and missing practices and matches.

Seville is coached by Carlos Bilardo, the coach of the Argentine team captained by Maradona that won the 1986 World Cup and was runner-up in the 1990 World Cup.

God, according to Maradona, favored him in the 1986 World Cup when he scored the first of his two goals in a quarterfinal defeat of England by using his hand to help the ball into the net.

That goal was scored “partly by the hand of God and partly by the head of Maradona,” he said in his most famous quote.

Maradona played for Boca Juniors in Argentina, and first began his European career with Barcelona 10 years ago. He had an unhappy two seasons there that were marred by hepatitis, a broken leg and an ugly fight with Bilbao players in a Spanish Cup final watched by King Juan Carlos.

After his transfer to Napoli for the 1984-85 season, he scored 115 goals in 259 Italian League and Cup games and led the team to the league titles in 1987 and 1990—the only ones Napoli has ever won—and the 1989 UEFA Cup title.

But he also became involved in the paternity suit and was investigated in connection with a Naples vice ring, which led Napoli to threaten to sue him for damages to the club's image.

Maradona was suspended April 6, 1991, after testing positive for cocaine following Napoli's match that March 17 against Bari. Shortly after he returned to Argentina in April 1991, he was arrested in Buenos Aires for possession and use of cocaine.

FIFA's suspension expired June 30. Maradona is still undergoing court-supervised drug rehabilitation ordered in Argentina, but in July that judge gave him permission to leave the country to play soccer.

“Today I start to live again as I always have and as I know how,” Maradona said in Seville.

(AP, Reuters)



Luis Cuervas of Seville

## SCOREBOARD

### BASEBALL

#### Major League Standings

Table showing Major League Standings for American League East, National League East, American League West, and National League West.

#### Monday's Line Scores

Table showing Monday's Line Scores for Seattle, Kansas City, Florida, Boston, Atlanta, Los Angeles, Detroit, and Pittsburgh.

### Major League Leaders

#### (Through Monday)

Table showing Major League Leaders for batting average, home runs, RBIs, etc.

### PITCHING (R Decisions)

Table showing Pitching Leaders for ERA, strikeouts, etc.

## U.S. Is Planning Massive Security For World Cup

By Ian Thomson

BOSTON — Soccer officials in the United States have unveiled one of the most comprehensive security plans ever put together for a sporting event, pledging to police the 1994 World Cup against threats from terrorism and hoodlumism in coordination with local, state, federal and international enforcement agencies.

Edgar N. Best, introduced as senior vice president of security for World Cup USA 1994, said at a telephone press conference Monday that “I'm not guaranteeing that we won't have an incident, I'm not foolish enough to suggest that.”

But, he added, “there is an incident, we will handle it.” Best, the former agent in charge of the FBI office in Los Angeles, was director of security for the 1984 Olympic Games in Los Angeles. There he coordinated 56 agencies at a cost of \$80 million while overseeing an Olympics free of major incidents.

Officials of World Cup USA, which is responsible for organizing the tournament that will run from June 17 to July 17, 1994, said that security will be the most extensive item in its budget.

Best said his office will be assisted by the Department of Defense, the State Department, the FBI, the Immigration and Naturalization Service and other federal, state and local law enforcement agencies.

Uniformed security personnel and special anti-terrorist SWAT teams will be used extensively, he said. But he ruled out the strong show of force that Italy mounted for the 1990 World Cup.

In Italy, more than 4,000 policemen and soldiers were placed in high-profile positions in the host cities, many of them carrying machine guns.

“I guarantee you the security will be adequate, but it will not be oppressive,” Best said. “You won't see an armed security camp in the U.S.”

Best, who visited the 1990 World Cup sites, said that he had already been in contact with authorities in several countries where violence has proved a problem for soccer. He said that he had been warned that the distance between the United States and Europe, and South America, would not deter hoodlums from disrupting the 1994 tournament.

Best said he had spoken “with representatives from several police forces who are experienced in dealing with hoodlums. I said to them, ‘Will this problem follow the World Cup to the U.S.?’ They told me, ‘Without question it will. They'll come by charter airplane, don't think it won't happen.’”

He said the United States will tighten security at its borders and airports while attempting to pre-

vent fans with a history of violence from entering the country.

“I think security is going to be very similar to the way it looked in L.A. in 1984,” he said. “Outwardly the appearance is going to be soft. You won't see machine guns, you will see people who are obviously security. There will be a lot of security that you won't see.”

“At L.A., behind the scenes, we had enough security forces that we could have gone to Desert Storm and won.”

“We will police this differently than other World Cups,” Best added. “In the U.S., we have no national police force and we don't have a military to act in a law enforcement role. There will be no usar telling everybody how to do their job. This will be a matter of liaison.”

Law enforcement representatives from the nine Cup cities and from international agencies expert in hoodlumism are to meet next month at the FBI training center in Quantico, Virginia, to develop a comprehensive security plan.

“We do not underestimate the hoodlum problem, but we should not overestimate its impact either,” said Alan I. Rothenberg, president and chief executive officer of World Cup USA 1994.

“In June this year there were problems at the European Soccer Championships and headlines were blaring everywhere. In Chicago, for the world championship of basketball, there was more damage, more injuries by far, more problems than what was going on at the soccer tournament. Yet nobody would ever say the NBA has a problem with thugs and hoodlums. It does not.”

“I would plead with you,” Rothenberg told American reporters, “that you give some perspective to the European soccer situation.”

However, American sport has rarely dealt with such as the hoodlums of several European countries. As well as attempting to stop known troublemakers from entering the country, U.S. officials said, they will consider restricting alcohol sales at the venues, separating fans from rival nations, and erecting fences around the playing fields.

Law enforcement officials from other countries might also be in place at the World Cup sites.

“There is not a magic formula for keeping problem-people out of the U.S.,” Best said. “Also, you can get so focused on the hoodlum problems that you can forget about other things.”

“In 1984, we were faced with brush fires in California two days before the Olympics occurred. We have to be aware of the possibility of natural disasters. We have to be prepared to deal with that. Terrorism has waned, but who knows? Two years from now, we could have that problem.”



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Table showing international access numbers for various countries.

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OBSERVER

From Up to Downsizing

By Russell Baker

NEW YORK — It's the age of downsizing. Downsizing sounds like a new dry-cleaning process, but it is not. It is simply the opposite of upizing.

We didn't have Joneses next door during this period. We had a family from Thailand. The father bore the name Pukprayuras, and keeping up with the daily flow of electrical appliances into his house would have bankrupted me if my wife hadn't pointed out in the nick of time that the laws of upizing were mute on the subject of keeping up with the Pukprayuras.

The great age for upizing was the 1950s. Republicans think the 1950s was the great age for family values. Nonsense. The great age for family values was the 1930s. That's when everybody who was out of work had to move back in with the family since the government safety net hadn't yet been invented and moving in with the family didn't seem half as bad as fighting hoboes for lebensraum in railroad freight cars.

Outness became the vogue. Once great corporations were put out of existence after being milked for out-of-mind billions by merge-and-acquire operators devoted to the faith that anybody with a chance to make a quick billion would be out-of-his-skull to pass it up just because life might just possibly continue, even after the next quarterly earnings report.

7 Cézannes Up for Sale

The Associated Press

LONDON — Seven paintings by Paul Cézanne will be sold by Christie's on Nov. 30. The auction house estimated their sale value at up to £12 million (about \$20 million).

The outness affected even the rags, making the entire age of outizing so outrageous that the age of downsizing became inescapable. Now we no longer move up to classier smoke, pricier airline seats and shopping orgies that would turn the world's Pukprayuras green with envy.

It is becoming very small down here. Even the old Detroit gas-guzzler, crowd fader and mother of upizing, is planning a move down. Down to Mexico and cheap labor. Car sizes, too, will doubtless have to move down to accommodate downsized American incomes.

And stop charroaling those up-sized steaks, O. K.? Move down to a little skinnier chicken.

New York Times Service

Is Your Brain Tired? Jump in the Pool!

By David Tracey

TOKYO — The world's most prolific inventor thinks best underwater and relaxes in a brain-enhancing chair. "Anyone can invent," insists Yoshiro Nakamats, who uses a creative spelling to help foreigners pronounce his name. His more than 2,360 patented inventions, the most in the world, include the floppy disk.

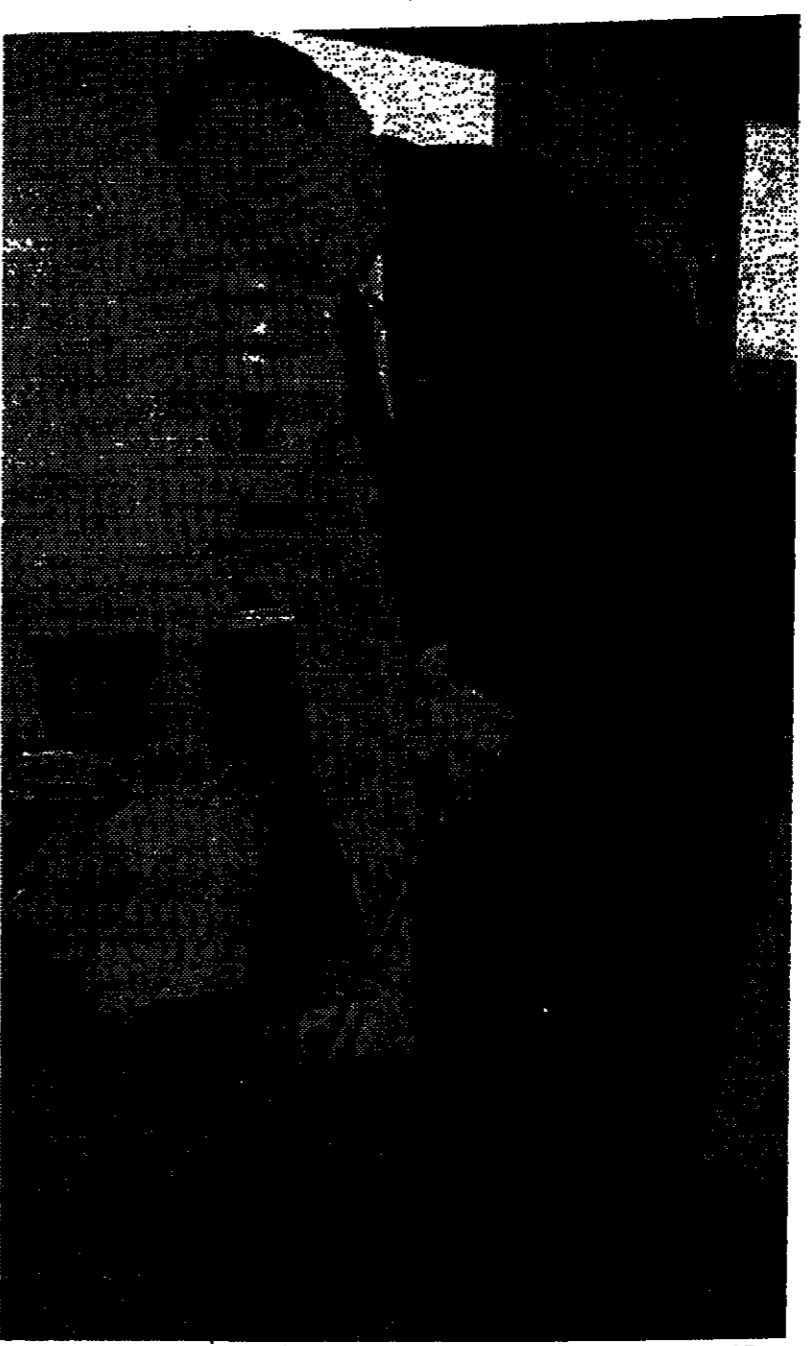
to listen to Beethoven to help me think up ideas. In those days we played 78 rpm records with steel or bamboo needles that made a lot of noise. All the scratches kept me from thinking, so I decided I needed a disk that was thin, light, unbreakable and came in its own jacket that I wouldn't have to remove.

Japan was closed to other countries for 300 years in the Edo Era. No imports or exports. Then [in the 1870s] we sent groups out to research Europe and other Western countries. They were very surprised to see how far we had been passed by. Locomotives, communication systems, they had everything.

With an English ability more conversational than precise, he called his invention the floppy disk "because of the way a butterfly flops around." Hoping that it might work for computers, which in the early 1950s relied on bulky keypunch cards, he brought the floppy disk to six of Japan's leading corporations. All six turned him down. He ended up licensing the invention to International Business Machines Corp.

Even his practical bits are apt to leave one wondering whether an inventor needs an eccentric personality to match. He recommends thinking underwater ("Oxygen deprivation stimulates the brain") and says he keeps special notepaper at the bottom of his pool to jot down winning ideas. He sells or leases "Cerebrer" chairs to people who believe that zapping the brain with infrared rays will make it more productive. And Beethoven is perfect music for inventing, he counsels, crediting the composer's Fifth Symphony with helping inspire the floppy disk.

Some would seem to have no financial potential, although it's impossible to say what people will buy. He contends that the Nakamats golf putter, with an oversized, vibrating handle making it 90 percent accurate within 10 feet, has sold well. But who is ever going to buy the mathematical formula he's working on to make people laugh? "Up until now it has been the job of comedians," he says, deadpan, "but I think through science we can learn how to laugh."



Inventor Nakamats with putter: "Oxygen deprivation stimulates the brain."

could probably use more engineers who can crack a joke. If that's what his older inventions are, but they don't make it any easier to evaluate the ones he says will change our lives. They could also be responsible for the fact that he is a perennial loser in Japanese elections, appreciated mainly for lightening up otherwise dull campaigns. In last year's election for the governor of Tokyo, he received 27,000 out of 4.6 million votes.

Nakamats says he has developed a pollution-free engine that runs on water, a self-sufficient house and an antenna that will turn cosmic rays into energy. Crazy, perhaps, but who can say for sure? Forty years ago nobody wanted a disk named after a flopping butterfly.

David Tracey is a free-lance journalist in Tokyo.

Turnmoil on 'Tonight': Leno's Producer Is Fired

It seems that the best action on the new "Tonight Show" is off-stage: NBC has fired Helen Kushnick as executive producer of the show after a bitter booking war with late-night competitor "The Arsenio Hall Show," became public. Her removal came less than four months after her protégé Jay Leno took over as host, succeeding Johnny Carson. Kushnick reportedly had banned a singer from her show because he had agreed to be on "Arsenio." Kushnick, who did not return telephone calls after the firing, said that the enmity directed toward her was a result of men resenting that a woman was in a position of power.

After months of touring Europe's culinary high spots, Sisto Macdoni, the owner of Le Cirque in Manhattan, has decided who will replace Daniel Boulud as Le Cirque's executive chef. He's Sylvain Portay, 31, who has been a "chef de cuisine" at the Louis XV in Monte Carlo, working with Alain Ducasse.

Princess Diana's German sports car, which has been returned to Mercedes-Benz as a gesture to the recession-hit British car industry, could become a collector's item. Experts say the royal car could fetch more than £90,000 (about \$152,000). The princess was widely criticized for not supporting British industry when she leased the red Mercedes 300 SL convertible "runabout" she will have to make do with whatever is available in the royal car pool — all made in Britain.

Downing Street has denied newspaper reports that Prime Minister John Major's 17-year-old son James was ordered off a soccer pitch at his private school for using foul language.

LE Goldman, the widow of Sol Goldman, who amassed a \$1 billion real-estate empire in New York, is giving \$20 million to the Yale Law School.

Zsa Zsa Gabor says "Wheel of Fortune" is educational for her husband, Prince Frederick von Anhalt. "He's German, so he learns how to spell from watching."

TODAY'S BUSINESS MESSAGE CENTER. Appears on Page 4.

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